

**EFFECTS OF SELECTED FACTORS ON STRATEGIC
DECISION MAKING IN PRIVATE SECURITY FIRMS IN
KENYA**

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DECLARATION

I, the undersigned declare that this is my original work and has not been submitted for any academic award in any institution.

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Supervisors' Approval

This research project has been submitted with my approval as the university supervisor.

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DEDICATION

I dedicate this work to my family for their patience, encouragement and for their endless support throughout my academic journey.

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The success of this study would not have been possible without the material and moral support from various people. It is my duty therefore to extend my sincere gratitude to them. First of all I thank the Almighty God for His guidance and good health through the entire course. I would like to acknowledge my family members, friends and colleagues whose support made it possible for me to come this far in my academic journey. Special acknowledgement to my supervisor, Dr. Kennedy Ogollah for his effective supervision, dedication, availability and professional advice. His support was invaluable.

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ABBREVIATIONS AND ACRONYMS

DMU	:	Decision Making Unit
EFA	:	Exploratory factor Analysis
KSIA	:	Kenya Security Industry Association
PSIA	:	Protective Security Industry Association
PSIRA	:	Private Security Regulatory Authority
SDMU	:	Strategic Decision Making Unit

ABSTRACT

The objective of the study was to establish the effects of selected factors on strategic decision making in private security firms in Kenya. The study utilized descriptive survey research design. The population of the study was 111 private security firms. Stratified random sampling was used to sample 34 firms representing 30% of the target population for the study. Questionnaire was used as the main instrument of data collection. Respondents were the senior managers or their appointed representatives in each of the sampled private security firm. Descriptive statistics were used in analyzing the collected data, where information and interpretations were presented using tables, figures charts and percentages. Additionally, regression and correlation analysis was used to analyze the relationship between the various variables in the study where closely correlated items were combined and grouped together and scales were developed accordingly. The findings revealed that factors influencing strategic decision making were environmental, organizational, decision and management related. From the findings of the study, it was concluded that factors which influence strategic decision making in private security firms are; nature of industry, level of competition, environmental dynamism, diversity in managerial skills and size of the private security firm. The environment of the private security firms was found to have a significant influence on strategic decision making. The findings were reflective of the view that strategy of an organization is made after carrying out SWOT analysis on the environment. The study recommended that private security firms need to consider internal and external environmental factors when making strategic decisions. Further research is recommended on similar studies in countries where private security industry is more developed.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic decisions are at the heart of every organization because they influence organization's direction, plan and activities. Organizations which are in the same industry are influenced by similar environmental factors when making strategic decisions despite their differences in size, ownership and internal capabilities (Nooraie, 2012). The variables external to every organization in the industry affects the firms differently depending on the firms' size, competitiveness and resources endowment. Private security firms are faced with similar industrial based variables which influence strategic decisions making by top echelons. The factors constitute a critical input to strategic decision making in addition to the internal variables which are contextual to specific organization.

Environmental theories and strategic decision-making theories help in gaining insight on the industry's considerations when making strategic decisions. Population ecology theory (Freeman, 1977) and behavioral theory gives an understanding of the external and internal organizational dynamics in the strategic decision making. Behavioural theory focuses in subjective decision making by top echelons in organizations and are organizational specific (Morris *et al.*, 2012).

Private security firms supplement government's efforts in provision of security in the country. Though a constitutional mandate for the state to provide security to the citizens, governments globally have found themselves in a precarious position characterized by incapacity to provide adequate and quality security to citizens (Van Standen, 2007). This incapacity has created a market gap which is filled by private security firms, who sell security on a commercial basis.

The situation and trend in Kenya mirrors the global one whereby more private security firms are entering the private security industry. Wairagu *et al.* (2004) observes that there are over 300 private security firms in Kenya and the number of private security providers outnumbers that of police force. Private security firms and strategic decision-making are an interesting area of study because the concept of security has changed to incorporate privatization. Security is no longer a preserve of state but a service which is commercialized through private security organizations (Thuranira *et.al*, 2013). The dynamic and competitive nature of the security industry has made applications of strategic management and strategic decisions an imperative.

1.1.1 Strategic Decisions

Strategic decisions that are made by the top management of the organization serve as a guide to organizations on what business to be involved in, strategic plans to adopt, strategic alliances to engage, turnaround strategies to undertake and other strategic issues whose impact is to the organization as a whole and are long term in nature (Nooraie, 2012). Strategic decisions are ambiguous and the process of arriving at them is subjective. Arasa et al (2011) argues that participation by manager in lower levels in organizations decision making process enlists employees' commitment and desire towards achieving the projected outcomes. Managers in tactical and operational level usually make decisions contextualized to their area of operations. Their decisions are aggregated and generalized at corporate level to constitute the strategic decisions. Tichey (1983) describes strategic decisions to be non-routine, non-incremental, discontinuous, and ambiguous and are change oriented. Das (2000) suggests that corporate agendas which impact on the whole organization require commitment from top echelons, who have a holistic view of the organization and its environment.

Top echelons of the organization consider internal and external factors in making strategic decisions. The internal factors are largely consigned to; the nature of the decision, top management team characteristics, and firm's resource availability (Papadakis, 2008). Decision's impact, risk, complexity and rationality influences the decision making process adopted by organization top management (Nooraie, 2008). Top management characteristics influences strategic decision making through manager's cognitive and emotional abilities. Amason (1996) sights management characteristics of cognitive diversity, cognitive complexity, conflict, risk propensity, education and experience to be critical management characteristics influencing decisions making at strategic level. Firm's resource availability determines the degree of dependence which the firm has to environment. Resource dependence theory (Nienhuser, 2008) is of the view that organizations with lean resources have a high dependence and hence consider external environment in making strategic decisions.

External environment factors influences the survival of organization in the form of resources availability, competition, opportunities and other environmental constraints (Papadakis, 1998). Strategic decisions are viewed as organization's adaptation to external factors which influences survival and achievement of organizational objectives. Elements of organizations dynamism, heterogeneity, hostility, velocity and uncertainty play a more strategic influence in the strategic decision making (Eisenhardt *et al.*, 2010).

1.1.2 Private Security Firms in Kenya

Mbuvi (2015) traces the development of private security industry in Kenya from world geo-political changes of cold war. After the cold war, the concept of security changed from cross border or national security to internal and personalized security.

Security threats and crimes rate increased due to global terrorism phenomena and proliferation of small arms. With the state overwhelmed in the task of security provision, private securing firms set in to close the antecedent demand gap for security by citizens.

Private security firms provide responses; cash management services of cash transit and security firms, cheque encashment, pay-picketing and payout services; Dog services, electric fencing, rescue services, risk analysis and surveillance (Mbuvi, 2015). The services offered are preventive and proactive thereby reducing the burden to the state of providing general security service. Thurania *et al.* (2013) observes that private firms are partners to the state in provision and management of security.

Private Security Industry in Kenya has an array of several registered large and medium size firms. The firms operate through two lobby associations namely; KSIA report 2014 indicates that there are over 374 registered private security firms. However, the number is higher because most of the private security firms are unregistered with KSIA and PSIA. Mbuvi (2015) observes that there are only 67 private security firms registered with KSIA and 44 with PSIA.

The firms can be broadly categorized into; small and medium size offering guarding and dog security services to private residences; and large firms which in addition to guarding services offer technological sophisticated services of alarm installations, cash management and other specialized services. Key among the large private security firms and their market share includes; G4s (34%), BM security (24%), others include Wells Fargo security, KK Security, Ultimate Security, Fidelity Security, Nine One One Company who combined command 20% of market share. The balance is shared by small and medium firms (Mbuvi, 2015).

O'Brien (1998) observes that privatization of security can be a source of insecurity and a barrier to peace process if the industry is left unregulated. Kenya Government established parliamentary Bill in (2010). The authority among other things is tasked to; draw a code of practice for private security firms, provide industrial harmony and promote collaboration between private security industry and state security agents. Kaguru *et al* (2014) observes that there is little achieved in the envisaged collaboration between private security firms and government security agents.

1.1.3 Strategic Decision Making In Private Security Industry

Contextual characteristics and factors within private security industry are imperatives which top echelons must consider when making strategic decisions. The industry is dynamic with global elements of technology change, geo-politics, crime sophistication, entry and exit of firms and government regulations changing on a continuous basis. Dynamic environment requires that top management exercise comprehensiveness or rationality and observe heterogeneity, hostility and velocity of the environment when making strategic decisions.

Fredrickson *et al.* (1984) states that; comprehensiveness involves analysis of all the applicable factors affecting making strategic decisions. Extensive brainstorming and investigations work is undertaken in comprehensively made decisions. Brainstorming ensures that top management receives divergent views, perceptions, and interests from all the top managers. Decision arrived at is after analyzing all the factors or through the consensus. Consultants are at times engaged in situations where specialized input is required before a final strategic decision is made. Heterogeneity of the private security industry means that the elements in the environment and the industry are unrelated and to an extent, they are independent (Daft, 2010).

The heterogeneous elements in private security industry includes; technology, nature of crime, small arms, clients, government regulations and employees. Top management is required to exercise completeness in strategic decision making. Miller *et al* (1998) views completeness as the amount or number of analysis undertaken by top managers in making strategic decisions. Higher heterogeneity as in private security industry calls for higher completeness.

Hostility in an industry refers to the intensity of competition between the rival firms. Porter (1985) suggests that degree of differentiation in the industry determines the level of hostility with highly differentiated industry positing lower hostility. Private Security Industry is highly undifferentiated and hence the level of hostility is high. Rationality of a higher level is required from top managers in making strategic decisions in an industry with high hostility (Nooraie, 2008). Rationality in strategic decision making involves intense analysis and observations of the competitors. Velocity in environment or industry is the rate of change or degree of turbulence exhibited by various elements in an industry (Eisenhardt, 1989). Flexibility is required in strategic decision making in environments of high velocity. Top managers are required reducing the level of brainstorming and cognitive diversity in order to gain the required flexibility. Cohesiveness of top echelons or team play increases flexibility.

1.2 Research Problem

Strategic decisions as an area of research provides an insight on how organizations' arrive at choices on key strategic issues which drives the organizational activities in achieving the objectives. The effect of selected factors on strategic decision making by private security firms in Kenya are of interest to researchers because they lead to a better understanding of the decision and can be used to improve the quality of the decisions made at strategic level. According to Burns and Stalker (2010) understanding of the effects of these selected factors would help the decision makers to arrive at optimal, rational and bounded rationality decisions.

Decision makers would seek to manipulate the factors and reduce inaccuracies in decisions that are associated with uncertainty, ambiguity and risk. According to Papadakis, Lioukas and Chambers (1998) the industry in which an organization operates in provides influencing factors which impact directly to organizations' strategic decisions.

Private Security Industry in Kenya is characterized by high hostility (Mbuvi, 2015). The services are undifferentiated; there is price undercutting, shortage of resources, government regulations and unfavorable market conditions characterized by consumer specify and intense competition. Since the strategic decisions made by private security firms are a source of competitive advantage, the study seeks to find out the effect of selected factors on strategic decision making. The decisions made need to have the characteristics of rationality; flexibility and optimality to help the firm out do the competitors. Top echelons in the private security firms find information from the industry to be vital in making the strategic decisions. The decisions though contextualized to the firms draws information from the industry.

Several studies on strategic decision and environment have been undertaken at international and national researches. Eisenhardt (1982) researched on strategic decision by firms in high velocity environments. Their study was cross sectional based on manufacturing firms in Europe. The findings of the study were that strategic decision making process by firms in high velocity environments required flexibility at the top management of organizations. Fredrickson et al (1984) studied on strategic decision making on the basis of comprehensiveness, in an industry with an unstable environment. The findings were that comprehensiveness of strategic decision was positively related to firm performance. Papadakis *et al* (1998) studied contextual and management factors which influence strategic decisions. The study was a longitudinal one cutting across various manufacturing industries in America. The findings were that industrial and management contextual factors played a critical role in strategic decisions of organizations.

Kaguru *et al.* (2004) studied on private security firms in Nairobi and their performance. The research was a case study focusing on G4's. The findings were that environmental factors of government regulation influenced strategic decision making and firms' performance. Mbuvi (2015) studied on the development of Kenya private security sector. The study notes the fast growth of the industry and hence a competitive environment. To the best of researcher's knowledge no known studies have been undertaken on factors influencing strategic decision by firms.

1.3 Research Objective

The objective of this research was to assess the effects of selected factors on strategic decision making in private security firms in Kenya.

1.4 Value of the Study

The study will be of value to the management of firms in private security industry in Kenya who will gain more insight in the industrial factors influencing strategic decisions. The firms being influenced by similar factors will find the need to share information and experiences, leading to making of optimal decisions in the industry.

Theoretical foundation in the study will provide greater insight in understanding strategic decisions. Population ecology theory will find the importance of exercising comprehensively in strategic decisions in order to survive in an environment characterized by free entry and exit. Behavioral theory will help managers in the industry in exercising rationality, comprehensiveness and completeness despite their difference in cognitive, risk receptiveness and education complexity.

Academic and researchers will find the study to have added value to the existing body of knowledge in strategic decisions. The finding of the study will be applied in other industries for purpose of generalization in applications. The study opens avenue for further research by academicians and researchers who will interrogate the study to develop research gaps.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter presents a review of literature on factors affecting strategic decision making in private security firms. Applicable theories underpinning the context of decision making in organizations and their relevance in this study have been discussed. Additionally, additionally, the concept of strategic decision and the particular factors influencing the making of strategic decisions are also comprehensively presented.

2.2 Theoretical Foundation

Theories supporting the study are external and internal to the organization. The theories provide on an understanding of the influence of external environment to strategic decision making. Internal focused theories indicate decision making in perception of the organization's resources. The theories applied are population ecology theory of the organization and behavioral theory of organization.

2.2.1 Population Ecology Theory of Organization

Population ecology theory by Hannan *et al.* (1977) has its key constructs based around relationship between an organization and its environment. Organizations are viewed to undergo three process namely; formation, growth and mortality. Concepts of selection and adaptation are applied to explain the population of organizations in the environment. According to Hannan *et al.* (1977) selection portrays mortality of organization through natural attrition and inertia pressure as organization become susceptible to environment pressures which they fail to create a strategic fit and hence their mortality.

Soylu (2008) posits that the theory assumes a structure of authority and control that makes strategic decisions concerning organization as a whole on how to adapt to the environment (Jalimath *et al.*, 2011). The strategic decisions made are aimed at either cushioning the organization from external turbulences or making fit adjustments with resultant minimal distortion to organizational structures (Hannan *et al.*, 1977). Strategic decisions anchored to population ecology theory are influenced by unit of organization analysis, isomorphism, structural inertia, and competitiveness.

Unit of organizational analysis in population ecology can be; members, subunits, individual organizations, population or aggregate of organizations or communities of organizations. Salimath *et al.* (2011) posits that aggregate of organizations analysis provides a superior analysis in strategic decision making because the aggregated firms have similar operational characteristics or are in the same industry. A blue print of strategy can therefore be made for aggregate firms in the industry.

The strategic decisions made would however differ between the firms due to differences in resources, structures, activities and normative order. Isomorphism's occurs where new or small sized organizations learn from large and successful organizations with objective of reducing liability of newness (Swaminathan, 1988) strategic decision will be made an organizations to learn from and operating systems to adapt in the learning process.

Structural inertia reflects organizations inability to development strategies and makes strategic decision of creating environment fit due to internal factors occasioned by; huge stance cost in organizational investment in plant and equipment's or specialized personnel; constraints on quality and volume of information, internal political constraints and organizational history based on normative agreements (Soylu, 2008).

The inertias create constraints to decision making units (DMU) leading to justification of sub optional decisions, precluding serious considerations of new alternative responses or resisting change. Competitiveness in population ecology theory is optimization of decisions based on environment rationality. Rhee *et al.* (2006) posits that niche- width strategy provided by the organization determines the sustainability of competitiveness possessed by an organization.

2.2.2 Behavioural Theory

Behavioral theory is a contrast of normative theory in decision making process. While normative theory emphasizes on rationality and application of intelligence and logic in decision making, behavioral theory considers bounded rationality in the behavior of organizations and individual managers in making strategic decisions (Morris *et al.*, 2012). Economic rationality is viewed to be suboptimal in behavioral theory because organization, political, emotional, environment and industrial factors play a critical role in arriving at strategic decisions. Bounded rationality is applied in behavioral theory to imply that strategic decisions made under economic rationality can't be generalized in application to all the organization.

Contextualization of strategic decisions in organizations, industry, decision making units and organizational history are important concepts when arriving at quality strategic decisions. Topchelons of organizations are influenced by a host of behavioural factors when making strategic decisions. Eisenherdt *et al.* (1988) points out at political behaviour in strategic decision making to be critical in arriving at decisions. Politics arise out of scarcity for resources leading to internal competition by various units of the organization.

Strategic decisions on resources allocation are bound to breed conflict because of competing personal interests within the decision making organ of the organization. Perception towards risk by the top echelons provides constraints to strategic decision making. The perception is influenced by exposure and qualifications of managers, past historical reference on similar decisions by the organizations, environment turbulence and process rationality (Cosier *et al.*, 1985). Janczak (2005) states that demographic factors of top management composition lead to high risk components in strategic decision making. Top management composed of you managers are likely to be risk receptive compared to management comprising of experienced managers who make decisions on basis of intuition.

Isomorphism and managers aspirations provide bounded rationality in strategic making. Isomorphism as cited in population ecology theory requires that organization benchmark and learns from larger and efficient performing firms in similar industry. Strategic decisions made are therefore mirrored against similar decisions which have been made by market leaders. Such decisions are contextualized to the organization to accommodate for organization capacity as dictated by size, human and capital investment (Janczak, 2005).

Aspirations are the performance expectations existing in top manager's mind. The performance is guided by the vision of the organization and the strategic plans developed by the organization. Hess *et al.* (2011) suggest that aspiration create social and emotional contentment to manage and hence they yearn to making and implementing strategic decision that reflect their aspirations. Aspirations are also influenced by previous experiences, competitor actions and projected environment behaviour (Centry, 2006).

2.3 Strategic Decision Making

Strategic decision making provides a commitment by the organization to choices made in regard to strategic issues. Dutton *et al.* (1987) posits that strategic issues requiring strategic decision making are contained in the strategic plan of an organization. The issues includes; business diversification, mergers, acquisition, strategic alliances, product development, competition and organizational structure. Strategic decision on strategic issues is programmed decisions which are long term in nature in addition- to being rational (Stoner, 1985).

Top echelons of organizations also make un-programmed decisions which are unstructured, non-sequential and require speed and agility. Such decisions include; response to opportunities arising from environmental changes, countering competitors strategies and innovations. Jaynes (2015) is of the view that strategic decision making is involved in designing and implementing strategic change. Strategy change pursued by organizations encompasses change in business organizational culture, operational methods, vision and strategy. Strategic decision making is therefore a continuous, intruristic and organization specific activity.

Strategic decision making is surrounded by ambiguity brought by external and internal environment factors. There are not prescriptive or universal methods in arriving at strategic decisions. Strategic decision making is therefore largely contextual to the organization, business, industry and the management (Vechiato, 2014). The futuristic nature of strategic decision making requires the strategic decision makers to forecast on the future of the organization when making strategic decisions.

Rohrbic *et al.* (2011) points that the future is unpredictable, uncertain and at times difficult to fathom due dynamics and hostility of the environment. Dynamism of the environment requires strategic decision making to balance between strategic planning which is long term in nature and adaptation decisions of change and innovation (Eisenhardt et al 2010) strategic decisions based on adaptation strategy require speed in response to changing events as they emerge, high performance or flexible minds of decision makers, continuous experimentation and innovation and moderate risk receptiveness (Van der Heijden *et al.*, 2002). Making of strategic decision requires rationality to ensure that the decisions are aligned to strategic plans of the organization. High flexibility is required for ease of adaptation to environmental changes. The flexibility is required in organizational structure, strategic decision making unit (SDMU), innovation absorption and adoption of change (Dozet *et al.*, 2008).

2.3.1 Strategic Decision Making Process

Process followed in making decision is important to strategic decision making because, it impacts on quality, effectiveness and validity of the decision being made by the organization. Janzzau (2005) states that strategic decision making process indicates the mechanisms or steps which start with problem identification, information search, evaluation of alternatives, making of strategic choice and implementation of the strategic choice or decision made. Strategic decision making process is continuous, time consume process that is characterized by intrigues in the SDMU of top echelons of the organization (Nooraie, 2012).

Problem identification provides the basis of what the strategic decision is being made on. The problem must be a need that serves to help achievement of organizational objectives (Stockman *et al.*, 2000). Identifying the problem according to Harnson (1996) requires establishing the strategic gap. The gap is established by creating a fit between the capabilities of the organization and its most significant external environment elements. Dutton et al (1987) is of the view that the problems are identified from the strategic plan of the organization. The problem once identified is decomposed to specific issues as activities to be deliberated on in strategic decision making. Stockman et al (2000) posits that breaking down the problem to specific issues provides a deeper insight and understanding of the problem and improves its clarity.

Information search on the identified problem is carried out from the applicable external and internal sources to the organization. Harrington *et al.* (2009) states that; customers and suppliers are important stakeholders who provide appropriate information for strategic decision making. Other external sources of information includes; consultants, financial institutions, business association and internet. Managers provide information internal to the organization, hence their participation and involvement is critical to strategic decisions (Arasa *et al.*, 2011).

Heracleous (1994) posits that normative approach of objectivity is applied in alternatives evaluation. The process of information search also alludes to possible alternatives which to echelons should evaluate and consider in making the strategic decisions. Evaluation of the possible alternatives increases comprehensiveness or rationality of strategic decision.

Decision making involves making of strategic choices after evaluation of the alternatives. The process of choosing among the alternatives is subject to various behavioural and contextual factors. The DMU whose consists of top echelons makes the strategic choice after intrigues of politics, conflict, intuition, cognitive diversity. Miller *et.al* (1998) posits that strategic decisions made are largely a compromise or consensus after balancing and accommodating various competing interest. The decision or choice once made is integrated into the strategic plan and strategies of the organization and is ready for implementation.

2.3.2 Strategic Decision Implementation

Strategic decision once made need to be implemented for them to add value to organization strategy (Papadakis, 1998). Top echelons also require justifying the cost and time incurred in making strategic decision by ensuring and oversees their implementation in organizational operations. Strategic decision are embedded in organizations strategy and strategic plans through which they are implemented (Dutton *et al*, 1987) implementing strategic decision is a game different from strategic decision making because execution or implementation spars to the whole organization involving all the employees and is time bound(Arasa *et al.*, 2011).

Effective strategic decisions implementation enhances organizational performance and increases its competitiveness because it involves actualization of ideas and innovations (Kaplan *et.al*, 2006) Top echelons act as champions of strategic decisions implementation by harnessing the energies and resources of the organization towards the implementation process. Tactical managers and business unit level of management integrate the strategic decision into operations of their business and ensure that the supervisor have incorporated the strategic decision in work programs.

Supervisors motivate the employees in executing the work programs efficiently and effectively. Implementation of strategic decisions involves all the employees at the various levels of the organization. Critical considerations in implementation of strategic decision includes, nature of implementation task, building a capable organization, building core competencies and matching strategy to structure (Pearce *et.al*, 2012). Strategic decisions implementation task is a complex one involving application of a variety of managerial skills in each activity.

Managerial occur in leadership in form of problems solving ability, motivation, interpersonal skills, focus, and team working is critical to implementation process (Papadakis, 1996). Implementation also requires establishing supportive working policies on critical success factors of quality, timelines compliances, customer service and governance. Building a capable organization to support strategic decision implementation requires the following: selecting able people for key positions, developing skills and competence capabilities.

Able and committed employees in key positions results a senior management team which believes in the strategic decision being implemented is self-driven and has high energy and will. The senior management team will offer guidance and training to employees as a process of enhancing their capacity in strategic decisions implementations. Work process re-engineering involves reorganization of work systems and methods to enhance efficiency. Business process re-engineering (BPR) is carried to come up with new methods of working to support the new strategy (Dutton, 1987) Reengineering calls for technological change, processes realignment change of attitudes and increased commitment.

Building core competencies to support strategic decisions implementation requires operating on best practices for each of the core activities of strategic decisions implementation (Perce *et al.*, 2012). Critical success factors to successful implementation needs to be identified. The structure of the organization needs to match with the strategy. A supportive organizational structure to the strategy is one which allows flexibility, team working, information sharing, and empowerment to support the organizational culture. Chandler (1961) posits that structure follows strategy implying that successful implementation of strategic decision contained in the strategy needs to be supported by an appropriate structure.

2.4 Selected Factors and Strategic Decision Making

Understanding of the factors influencing strategic decision making is of importance to organization and researchers. This is because it enhances understanding on strategic decision making process and how to influence strategic decision outcomes. Papadakis (1998) posits that factors influencing strategic decision making are external and internal to the organization; specific to the strategic decision making unit (SDMU) and the nature of decision made.

2.4.1 Environment Factors

Environment factors influencing strategic decision making are grounded in the dynamism and hostility of the environment. Environment turbulence increases unpredictability, reduces consistency of logic thereby making long-term planning untenable (Nooraie, 2012). Flexibility and speed is required is strategic decision making in dynamic environment (Eisenhardt, 1989). Hostility is characterized by price wars, hostile take overs, lean environment, high regulatory compliances requirements and severe absence of demand.

Miller *et al.* (1983) observed that hostile environment call for increased rationality while Papadakis (1998) failed to find a similar relationship. Heterogeneous environment with several unrelated elements makes decision making more discrete, hence requiring enhanced decentralization and participation because decisional variable need unrelated skills (Langry *et al.*, 1980).

Strategy by an institution is basically a response concerned with making of choices among various investment options and ensuring that the choices made result in long term survival of the organization. Digital security firms is one of the anchors of KCB business strategy. To attain this, institutions have to be unique in terms of products or services launched in the market since it will result in sustainable competitive advantage (Eisenhardt, 1989).

Therefore, security firms are continuously faced with stiff competition and challenges from the environment hence the need for development of short term and long term strategies. In order to ensure survival in the security firms industry, security firms need to study the internal and external environment, choose and implement strategies that will grow their books and customer base Eisenhardt, 1989).

This research paper did an in depth study of digital security firms strategies as a form of differentiation by security firms where investment in innovation and technology has led to development of new products or services in the industry. These innovations have led to growth of security firms. At the security firms, digital security firms' strategies have been implemented through mobile security firms, branchless security firms and internet security firms. Currently, the security firms has invested in intelligent ATM machines which can accept deposits of up to one million shillings.

The security firms has re-engineered mobile security firms platform to offer loans to farmers and small and medium enterprises. Further, the security firms has been able to increase its customer base to close to 10 million customers. The studies have however not thoroughly established the effects of environmental factors in influencing strategic decision making in security firms. The intent of this study was to fill the research gap by establishing the effect of environmental aspects on strategic decision making in private security firms in Kenya.

2.4.2 Organizational Factors

The internal design of an organization comprises of such elements as the definition and allocation of specific tasks. The culture of an organization can be described as the beliefs of the members of the organization with regards to thoughts, perceptions, and feelings towards the goals and objectives of the organization in general (Sackmann, 2013). It constitutes a combination of patterns, views, ideas, and values that are commonly shared by the members of the organization (Pearce & Robinson 2015).

According to a study by Raps (2014), the principles developed by the top management such as setting the required culture, tone, pace, and character ensures that it is effective in achieving success during the implementation of the creates strategy. The most limiting factor during strategy implementation can be the inability of the top management to demonstrate lack of commitment to the strategic objectives of an organization. Generally, this commitment constitutes an important requirement during the implementation of a strategy. It should not be assumed that managers in lower positions have similar perceptions of the strategic plan and methods of implementation in the same manner as top managers.

On the contrary, it should be the role of the senior managers to persuade the lower managers and employees about the effectiveness of their ideas. The culture of an organization can be described as the beliefs of the members of the organization with regards to thoughts, perceptions, and feelings towards the goals and objectives of the organization in general (Sackmann, 2013). It constitutes a combination of patterns, views, ideas, and values that are commonly shared by the members of the organization (Pearce & Robinson, 2015). It is also described as the combinations of assumptions that are shared by members of the organization.

In contrast, Kesenwa, Oima and Oginda (2013) an innovative and progressive company will expect decision making to be creative, adventurous and on own initiative. According to Heller and Hindle (1998) organizational factor such as a policies are instruments for strategy decision making and implementation (Kajola, 2008). The above studies never filled the research gap by establishing the effect of aspects of organizational factors influencing strategic decision making in security firms whether internationally or locally which was the intent of this study.

2.4.3 Decision Characteristic Factors

According to Hussey (2010), people are the main resource required during implementation of a strategy. Organizations are required to utilize the right knowledge of their employees at the right time. The management experience challenge during the assigning of tasks in addition to coordinating and facilitating the participation of employees to different functions. As illustrated in the planning stage of strategy implementation, it is recommended that the right people should be chosen to perform the right function.

It is recommended that the right knowledge should not be thrown away by allocating resources in irrelevant areas or not connecting adequately with employees. Thus, a particular level of freedom is required to provide the opportunity for experimentation by allowing employees to participate in enabling the implementation of the required strategy. It is necessary to make adjustments of resources in order to improve the strategy, thus the management should be important in monitoring the process closely and implement the right intervention at an appropriate time.

There are particular resources that are important during the implementation of a strategy. These include: financial resources, technologies, physical resources, and human resources (Hussey, 2010). The allocation of resources is an important factor during strategy implementation because it ensures particular tasks are performed according to their resource requirements. There may be obstacles to effective resource allocations and organizations involved in the implementation of strategies must be aware of them. Some of the obstacles may include: being protective of resources, emphasis on short-term financial outcomes, and creation of a strategy that is not effective in achieving the objectives and missions of an organization. The above studies did not however establish the effects of decision characteristics on strategic decision making. The intent of this study was to try and at least fill the research gap by establishing the effect of decision characteristics on strategic decision making in private security firms in Kenya.

2.4.4 Management Factors

In case a decision maker does not have full autonomy to proceed with decision implementation, he/she should ensure that he/she consults the relevant authority not just for the ultimate blessing but also for their input (Irungu, 2007). Since time in

memorial resources have always fallen short to match demand. This has led to an ever increasing competition of resources between departments and various projects in an organization (Kaplan, & Norton, 2006). The availability and/or unavailability of resources form a large proportion on how decisions are arrived at, implemented and evaluated (Miller, Burke & Glick, 1998).

The process of implementing of a strategy requires the monitoring and evaluation of the planning activities to ensure the organization's goals are achieved (Ruth, 2013). The strategic planning direction of the organization is established through monitoring and evaluation which is a great advantage. The implementation process of strategies requires monitoring and evaluation for necessary generation of information. This then shows that during progress, there should be effective programs to measure, record and report regularly. Performance indicators thus need to be identified and the beneficiaries also need to be involved. Most of the studies done on evaluation show that most of the health services do not have effective monitoring plans which has made the management to have low priorities on monitoring and evaluation.

Most of the management think that all the returns and reports done are added unnecessary work load (Sackmann, 2013). Evaluation in organizations that were successful have mostly resulted from evaluation from previous projects that had either failed or had lessons to learn from which were used in current projects as pointed out by Williams (2015).

Most of the management do not take evaluation seriously which could help them in succeeding of other projects. Small agencies tend to undertake evaluation seriously as they have goals to make their agencies bigger thus they learn lessons which makes the large agencies a bit reluctant when it comes to evaluation (Atkinson, 2012).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter highlighted the method of research that was adopted in the study. Research methodology basically refers to the various steps that are needed to plan data that will be utilized in the analysis. It provides a frame work of how1 the study is to be carried out (Peffer, Tuunanen, Rothenberger & Chatterjee, 2007). Mathooko (2011) states that research methodology includes the research design, data collection procedures as well as data analysis to be applied in carrying out in the study.

3.2 Research Design

According to Kothari (2013), a research design is a general and detailed outline indicating how data will be collected, analyzed and presented in a report to be shared with relevant audience. This study employed descriptive research design to achieve the objective of the study. The design gives an opportunity for a comprehensive description and analysis of the variables involved in the study while clearly outlining the relationship between independent and dependent variables. The design further allows the researcher to precisely illustrate this relationship without manipulating the variables involved in the study. Through descriptive research design, it becomes easily tenable to generalize the research findings to other areas with similar characteristics as the study subjects.

3.3 Target Population

Population of study according to (Mugenda & Mugenda, 2003) is a collection of people or objects that share similar features which relate to the subject under investigation in the research which is being conducted.

Target population was all security firms in Kenya which are registered and authorized to undertake security service business. Security industry records have shown that Kenya has about private security firms. Well established security firms are registered under the Kenya Security Industry Association (KSIA) and Protective Security Industry association (PSIA). Therefore, due to the sensitivity of the data required, the target population comprised of the 111 firms registered with Kenya Security Industry Association (KSIA) and Protective Security Industry association (PSIA). The firms are spread in all geographic areas in the country.

Table 3.1: Target Population

Strata	Number of private security firms
Small firms	62
Medium firms	42
Large firms	07
Total	111

Source: Kenya Security Industry Association (KSIA) (2015)

3.4 Sample and Sampling Techniques

Stratified random sampling was used to pick the respondents because the population was divided into strata on the basis of market share size and services offered. The firms were stratified into small, medium and large firms. Small and medium firms offer guarding and dog security services to private residences; and large firms offer technological sophisticated services of alarm installations, cash management and other specialized services in addition to guarding and dog security.

According to Mugenda and Mugenda (2003) a sample size of 10% - 30% and above and above is a good representative of a total population. The study used a sample size of 30% of the security firms in Kenya, which amounted to 34 private security firms. Hence, the sample size of this study was 34 respondents.

Table 3.2: Sample Size

Strata	Number of private security firms	30% of Total Population
Small firms	62	15
Medium firms	42	12
Large firms	07	7
Total	111	34

Source: Kenya Security Industry Association (KSIA) (2015)

3.5 Data Collection

A questionnaire is a research instrument used in gathering of data over a large sample (Kombo 2006). To collect primary data the researcher requested respondents including top management who play a critical role in implementation of digital security firms to fill questionnaires. The data collected was analyzed to generate findings.

The questionnaire was structured into Section A and B. Section A sought out the general information about the selected respondents; Section B was subdivided into environmental factors, decision factors, management and organizational factors. The questionnaires were administered to the firm managers of various organizations in the target population. Drop and Pick method was used, whereby the selected employees were requested to have filled the questionnaire within two weeks. Electronic system of e-mail was used and follows up on the questionnaire filling and emailing completed questionnaires was made by telephone.

3.6 Validity and Reliability Tests

A pre-test is where a questionnaire is tested on a (statistically) small sample of respondents before a full-scale study, in order to identify any problems such as unclear wording or the questionnaire taking too long to administer. According to Cohen, Manion and Morrison (2010) extant literature suggests that a pre-testing sample should be 10% of the sample projected for the larger parent study. However, Cohen, Manion, and Morrison (2010) cautions that this is not a simple or straight forward issue to resolve because these types of studies are influenced by many factors. Nevertheless, Kumar (2011) suggested 10-30 participants. The advantage of pretesting was to assess the clarity of the questionnaire and its items, as well as its suitability to the participants.

3.6.1 Validity of the Instruments

Validity of a study refers to the most accurate approximate of how true or false a specific inference, suggestion, interpretation or conclusion is (Cook and Campbell, 1979). The validity of findings has traditionally been understood to mean the 'correctness' or 'precision' of a research study (Lewis and Ritchie, 2003). Validity was ensured in this research through guaranteeing the consistency of the research instrument employed. Data was gathered from all relevant people within the department at the various levels of hierarchy. Data collected was triangulated to ensure they match the conclusions and that which it was intended to measure.

According to Cooper and Schindler (2008) content validity is the extent to which a measuring instrument provides adequate coverage of the investigative questions. It is realized by reviewing of literature and theories in order to come up with hypotheses, constructs or concepts that can be operationalized and measured.

Construct validity defines how well a test or experiment measures up to its claims (Cohen, Manion, & Morrison, 2011). In this case, the supervisor and other experts in the school of business guided and advised the researcher on various ways to improve on content and construct in the research instruments.

3.6.2 Reliability of the Instruments

The ‘replicability of research findings’ and the degree to which the findings recur under similar conditions is the main concern of reliability of data (Lewis & Ritchie, 2003). The reliability of a study is viewed to minimize faults and bias in a study (Yin, 2003). This is achieved using relevant methodology and methods of conducting a research. This research study has been conducted in a similar manner under the same conditions over repeated administration of the questionnaire to check on reliability. On measurement of data reliability, the Cronbach Alpha method was applied which measures internal consistency of data and shows the nature of close relation a set of items are as a group. This is the most accurate method since the study has several Likert queries in the form of a questionnaire that its reliability is to be determined.

The split half method was used in this study where the instruments were administered once to the pilot group. The whole test was administered once to the group (Hanson, et.al, 2015). The scores obtained from the group were correlated, and the scores obtained from both halves demonstrated a high positive reliability coefficient, or correlation. Cronbach’s alpha was used to obtain the correlation of the whole test. The expected reliability coefficient was above 0.7 which was adequate according to Mugenda and Mugenda (2010).

3.7 Data Analysis

According to Bless et al. (2008), data analysis can be summarized as the process of organizing, manipulating and interpreting data collected in the study. The analysis was able to derive information that was useful in the area of study. In this research paper, data was analyzed using statistical package for social sciences SPSS version 22 and presented through means, standard deviations and percentages in graphs and pie charts.

Data collected was first coded as per the variables in the study. Data entry was done for every research tool filled by the respondents. After this, descriptive statistics was carried out by the researcher and presented in pie charts and frequency tables then interpreted to derive meaning with regards to the study objective. Multiple regression analysis was used to measure the nature, magnitude and relationship among variables.

The regression model to be tested was of the form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where Y = Dependent variable (strategic decision making),

β_0 = Constant (The intercept of the model),

β = Coefficient of the X variables (independent variables),

X_1 = environmental factors,

X_2 = organizational factors,

X_3 = decision characteristic factors and;

X_4 = management factors.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents the analysis the data that was collected relating to factors affecting strategic decision making in private security firms in Kenya. This study sought to obtain data from 34 managers in the selected security firms in Kenya. The areas presented include the background information of the respondents as well as a comprehensive analysis of information collected in relation to the specific objective of the study.

4.2 Response Rate

Questionnaires were distributed to 34 private security firms which formed the sample of the study. The targeted respondents were managing director or senior managers in the 34 sampled private security firms. Therefore, a total of 34 responses were expected.

Table 4.1: Response Rate

Response	Frequency	Percentage %
Responded	30	88
Not responded	4	12
Total	34	100

Source: Research Data, 2018

Out of the 34 questionnaires distributed to the respondents, 30 questionnaires were collected back fully completed, and were the only ones considered viable for the study, making the response rate to be at 88%. Twelve per cent (12%) were not well completed, hence; they were considered as non-response because the respondents that were issued with them did not fill them up. Mugenda and Mugenda (2003) posit

that, a response rate of 75% is considered to be good or excellent for analysis and reporting. The response rate for the study was considered to be excellent based on the aforementioned assertion. The findings of the study on response rate were as in table 4.3

4.3 General Characteristics of the Respondents

4.3.1 Gender of the Respondents

The study sought to establish the gender of the respondents. The researcher generated a pie chart. The findings are as presented in Figure 4.1;

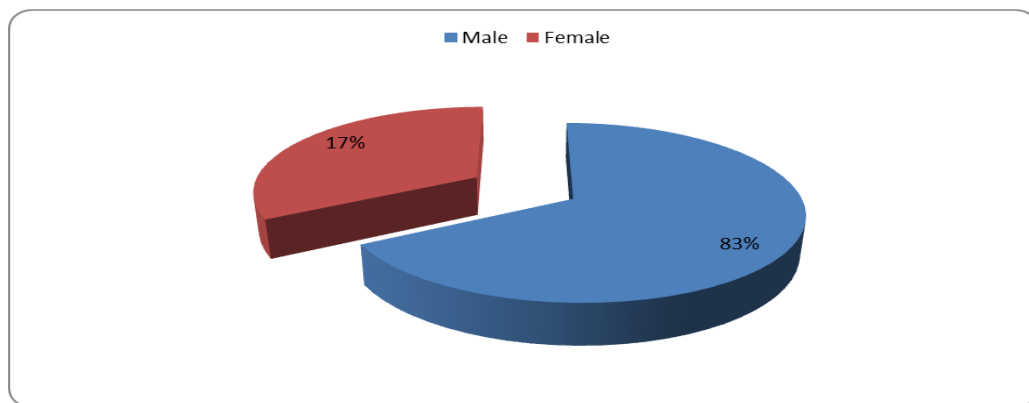


Figure 4.1: Gender of the Respondents

Source; Research Data, 2018

From the study findings in Figure 4.1, it was shown that among the respondents reached at the time of the study, 83% were male while 17% were female. This is a clear indication that both female and male were represented in the private security industry in Kenya, with the male taking the predominant part.

4.3.2 Education and Professional Qualification

The study sought to establish the education and professional qualifications of the respondents. On this, the researcher generated a pie chart. The findings of the study are as shown in the Figure 4.2;

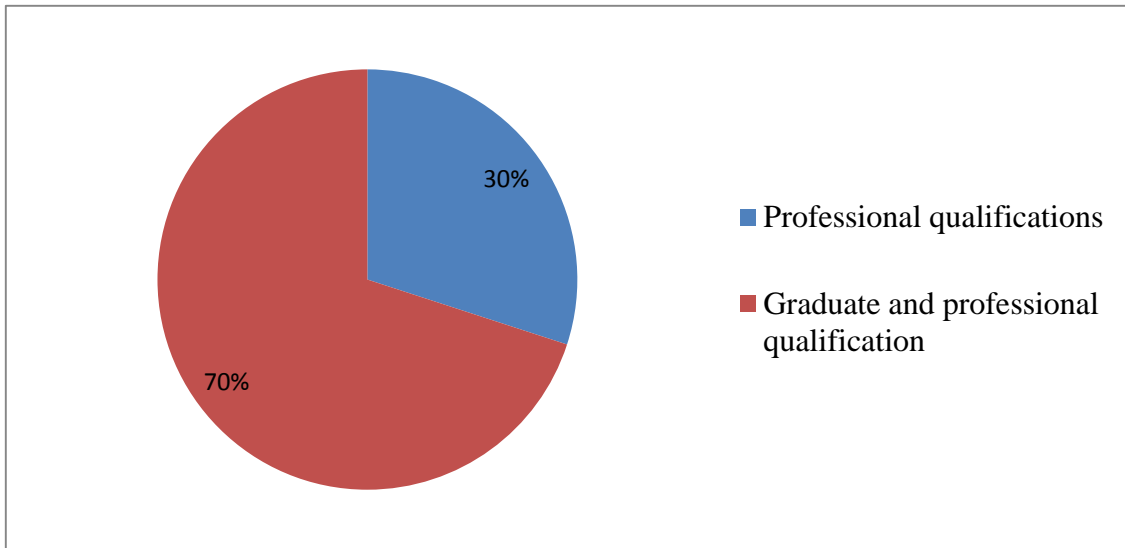


Figure 4.2: Education and Professional Qualifications

Source; Research Data, 2018

From the study's findings in Figure 4.2, most of the respondents had graduate and professional qualifications since they were senior managers in the private security firms. 21 of the respondents representing 70% of the respondents had graduate qualifications and professional training in security management. 9 (30%) of the respondents had professional training in security management. Professional training was found to have been acquired locally having worked in government security institutions or from internationally recognized security training institutions.

4.3.3 Number of Years Worked in the Organization

The study sought to establish the level of experience of the respondents in their respective institutions. Years were in categories of less than 2 years, 2-3 years, 3-4 years and above 4 years in that order. The findings of the study were as in Table 4.2;

Table 4.2: Experience

Experience	Frequency	Percentage %
Less than 2 years	5	17
2-3 years	6	20
3-4 years	15	50
Above 4 years	4	13
Total	30	100

From the Table 4.2, the study findings showed that the majority of the respondents (15) in the management of the security firms had worked for 3-4 years at a score of 50% score. Additionally, 6 respondents at a score of 20% had worked in the organization for 2-3 years. Some 5 respondents had worked for less than 2 years as shown by 17%, while 4 respondents at 12% score had worked in the organization for above 4 years. This implies that the majority of the respondents had worked in the organization for a substantial amount of time, meaning they were well familiar with all the operations. Therefore, they were in a position to understand the factors affecting strategic decision in their organizations.

4.4 Findings on Factors Affecting Strategic Decision Making

The study carried out a descriptive analysis on factors affecting strategic decision making in private security firms in Kenya. The findings of the study were grouped according to the various factors as obtained from previous literature reviewed in the study. The researcher intended to find out whether the reviewed factors significant effects on strategic decision making in private security firms in Kenya.

4.4.1 Environmental Factors

The study sought to establish the extent of respondents' agreement with various statements related to the effects of various environmental factors on strategic decision making in private security firms in Kenya. On this objective, the researcher tested on various aspects of environment. The findings of the study are as shown in the Table 4.3;

Table 4.3: Environmental Factors

Environmental Factors	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean Score	Std. dev.
The environment of private security firms is lean with few resources against many competing firms	29	58	10	3	0	4.13	1.0377
Elements of environment of private security firms are diverse and heterogeneous (unrelated elements)	22	62	13	2	1	4.02	1.0101
The environment of private security firms is dynamic and turbulent and influences strategic decisions made.	11	81	5	2	1	3.99	1.0025
The environment of private security firms has many players and with frequent entry and exit of firms.	12	76	8	4	0	3.96	0.9950
There is high hostility characterized by price undercutting, takeovers and adverse competitive actions in the environment of private security firms	15	69	10	4	2	3.91	0.9824

From the study findings Table 4.3, it was evident that the majority of the respondents were in agreement that; The environment of private security firms is lean with few resources against many competing firms as shown by the mean score of 4.13, elements of environment of private security firms are diverse and heterogeneous (unrelated elements) as shown by the mean score of 4.02, the environment of private security firms is dynamic and turbulent and influences strategic decisions made as

shown by the mean score of 3.99, the environment of private security firms has many players and with frequent entry and exit of firms as shown by the mean score of 3.96 and that; there is high hostility characterized by price undercutting, takeovers and adverse competitive actions in the environment of private security firms as shown by the mean score of 3.91 all of which affect strategic decision making in private security firms in Kenya.

4.4.2 Organizational Factors

The study sought to establish the extent to which organizational factors affect strategic decision making in private security firms in Kenya. On this objective, the researcher tested on various aspects of organization. The findings of the study are as shown in the Table 4.4;

Table 4.4: Organizational Factors

Organizational factor	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean Score	Std. dev.
Private security firms where/which is large with wide geographic spread or branches across the country	77	12	8	2	1	4.62	1.1608
Private security firm where / which is tall with many hierarchies or levels of management.	69	15	9	4	3	4.43	1.1131
The private security firm where I work has been involved in merge and acquisition as a growth strategy.	54	33	7	3	3	4.32	1.0854
There are many departments in the private security firms that/which can be merged into a few.	61	21	10	3	5	4.3	1.0804
Private security firm where/ which has diversified into other non-security related businesses.	49	12	22	12	5	3.88	0.9749

From the study findings Table 4.4, it was evident that the majority of the ; private security firms where/which is large with wide geographic spread or branches across the country as shown by the mean score of 4.62, private security firm where /

which is tall with many hierarchies or levels of management as shown by the mean score of 4.43, the private security firm which has been involved in merger and acquisition as a growth strategy as shown by the mean score of 4.32, there being many departments in the private security firms that/which can be merged into a few as shown by the mean score of 4.30, and that; private security firm where/ which has diversified into other non-security related businesses as shown by the mean score of 3.88 were all organizational factors affecting strategic decision making in private security firms in Kenya.

4.4.3 Decision Characteristic Factors

The study sought to establish the effects of decision characteristic factors on strategic decision making in private security firms in Kenya. On this objective, the researcher tested on various aspects of decision making. The findings of the study are as shown in the Table 4.5;

Table 4.5: Decision Characteristic Factors

Decision characteristic factor	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean Score	Std. dev.
Most of the strategic decisions made at private firm where I work are routine and therefore familiar.	9	86	3	1	1	4.01	1.0075
Strategic decisions made in private security firms where I work have a high risk component.	12	78	8	2	0	4.00	1.0050
Strategic decisions made in the private security firm where I work are aligned to the strategic plan of the regulations	26	56	10	8	0	4	1.0050
Most of strategic decisions in the private security firm where I work affect all the departments (high magnitude of impact)	16	70	11	2	1	3.98	1.0000
Strategic decisions made in the private security firm where I work are complex in nature requiring a consideration of a wide array of factors.	20	59	11	7	3	3.86	0.9698

From the study findings Table 4.5, it was evident that the majority of the respondents were in agreement that; most of the strategic decisions made at private firm where they work are routine and therefore familiar as shown by a mean score of 4.01, strategic decisions made in private security firms where they work have a high risk component as shown by the mean score of 4.00, strategic decisions made in the private security firm where they work are aligned to the strategic plan of the regulations as shown by the mean score of 4.00, most of strategic decisions in the private security firm where they work affect all the departments (high magnitude of impact) as shown by the mean score of 3.98 and that strategic decisions made in the private security firm where they work are complex in nature requiring a consideration of a wide array of factors as shown by the mean score of 3.86 respectively.

4.4.4 Management Factors

The study sought to establish the management factors affecting strategic decision making in private security firms in Kenya. On this objective, the researcher tested on various aspects of organization management. The findings of the study are as shown in the Table 4.6.

Table 4.6: Management Factors

Management factors	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean Score	Std. dev.
Top management team that makes strategic decision in the private security company where I work have vested interest in decisions made which are based on the departments or other interests which they are represent.	70	17	9	2	2	4.51	1.1332
Top management team that makes strategic decisions in the private security where I work has diversity in terms of cognition i.e. different skills, exposure and work background.	62	27	6	3	2	4.44	1.1156
Top management team that makes strategic decision in the private security company where I work in is skewed towards highly exposed and experienced members	65	22	7	3	3	4.43	1.1131
Strategic decision making by top management team in the private security company where I work is always done at after group discussion by all members of the team	53	35	6	2	4	4.31	1.0829
Top management team that makes strategic decisions in the private security company where I work is skewed towards young directors (40-50 years)	55	31	7	3	4	4.30	1.0804

From the study findings in Table 4.6, it was evident that the majority of the respondents indicated to a great extent that; top management team that makes strategic decision in the private security company where one work have vested interest in decisions made which are based on the departments or other interests which they are represent as shown by a mean score of 4.51, top management team that makes strategic decisions in the private security where one work has diversity in terms of cognition that is different skills, exposure and work background as shown by a mean score of 4.44, top management team that makes strategic decision in the private security company where one work in is skewed towards highly exposed and

experienced members as shown by a mean score of 4.43, strategic decision making by top management team in the private security company where one work is always done at after group discussion by all members of the team as shown by 4.31 and that top management team that makes strategic decisions in the private security company where one work is skewed towards young directors (40-50 years) as shown by a mean score of 4.30 respectively.

4.4.5 Strategic Decision Making in Private Security Teams in Kenya

Table 4.7: Respondents Agreement on Success of Performance Measures of Strategic Decision Making in Private Security Firms in Kenya

Statements	Strongly agree	Agree	Moderately agree	Disagree	Strongly disagree	Mean score	Std dev.
There is adequate response to opportunities arising from environmental changes	23	69	4	3	1	4.1	0.0021
This organization has managed to well counter on competitors strategies and innovations	24	68	4	3	1	4.1	0.0011
There has been effective strategic change that has encompasses change in business performance	24	64	7	5	0	4.07	0.0331
There has been a well aligned strategic plans of the organization due to efficient decision making process	18	70	12	0	0	4.06	0.0330

The researcher sought to establish the respondents' level of agreement on success of performance measures of strategic decision making in private security firms. There is adequate response to opportunities arising from environmental changes as shown by a mean score of 4.1, their organization has managed to well counter on competitors strategies and innovations as shown by a mean score of 4.1, there has been effective strategic change that has encompasses change in business

performance as shown by a mean score of 4.07 and that there has been a well aligned strategic plans of the organization due to efficient decision-making process as shown by a mean score of 4.06 respectively.

4.5 Inferential Statistics

4.5.1 Model Estimation

Table 4.8: Model Estimation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F Change	Df	Sig. F Change
1	.897 ^a	.805	.803	.08978	430.19	4	.000

The results in Table 4.8 shows that the independent variables explained 80.3% of the variation in growth of the security firms as indicated by a coefficient of determination R value of 0.803 in strategic decision making in private security firms in Kenya. In addition, the adjusted multiple coefficient of determination of 0.803 indicates the high joint impact of the explanatory variables. It means that 80.3% of strategic decision making in private security firms in Kenya are explained by the changes in environmental factors, organizational factors, decision characteristic factors, management factors whereas 19.7% of changes in strategic decision making in private security firms in Kenya are explained by other factors such as government policies, location, and demographic factors among others not studied in this study. This can be confirmed by the high figure of F value of 63.312 which implies a high joint explanatory ability.

4.5.4 ANOVA

Table 4.9: Analysis of Variance (ANOVA)

Model		ANOVA ^a				
		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	74.05	4	18.5125	63.312	.0000 ^b
	Residual	61.11	209	.2924		
	Total	135.16	213			

a. Dependent Variable: *Strategic Decision Making*

b. Predictors: *(Constant), Environmental Factors, Organizational Factors, Decision Characteristic Factors, Management Factors.*

The results in Table 4.9 shows that the independent variables explained 66.2% of the variation in growth of the security firms as indicated by a coefficient of determination (R^2) value of 0.000. An ANOVA was also performed to test for the significance of the whole model. The results were presented in Table 4.9 based on predictor variables; environmental factors, organizational factors, decision characteristic factors and management factors.

Table 4.10: Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	3.752	.024		154.661	.010
Environmental factors	.899	.009	1.226	99.883	.000
Organizational factors	.002	.003	.006	.708	.040
Decision characteristic factors	.580	.032	3.489	81.314	.012
Management factors	.106	.032	4.688	7.736	.030

a. Dependent Variable: *Strategic Decision Making*

The results in Table 4.10 revealed that environmental factors, organizational factors decision making factors, management factors and strategic decision making predicted growth of Kenya Security Industry Association (KSIA) and Protective Security Industry association (PSIA).at 5% level of significance. This was indicated by significant p-values ($p = < 0.001, 0.047$ and 0.001 respectively).

The model from Table 4.10 was as follows:

$$Y = 0.180 + 0.541 X_1 + 0.897 X_2 + 0.726 X_3$$

Where Y = growth of commercial security firms, X_1 = Internet subscription, X_2 = mobile subscription, X_3 = branchless security firms

The model indicated that a unit increase in internet subscription increased growth of Kenya commercial security firms by 0.541 units; a unit increase in mobile subscription increased growth of Kenya commercial security firms by 0.897 units while a unit increase in branchless security firms increased growth of Kenya commercial security firms by 0.726 units

4.7.5 Pearson Coefficient Correlations

Table 4.11: Pearson Coefficient Correlations^a

		Environmen tal factors	Organizatio nal factors	Decision characteris tic factors	Manageme nt factors
Environmental factors	Pearson Correlat ion	1	.241**	.386**	.359**
	Sig. (2- tailed)	.000	.004	.000	.000
	N	30	30	30	30
Organizational factors	Pearson Correlat ion	.241**	1	.486**	.441**
	Sig. (2- tailed)	.004	.000	.000	.000
	N	30	30	30	30
Decision characteristic factors	Pearson Correlat ion	.386**	.486**	1	.927**
	Sig. (2- tailed)	.000	.000	.000	.000
	N	30	30	30	30
Management factors	Pearson Correlat ion	.359**	.441**	.927**	1
	Sig. (2- tailed)	.000	.000	.000	.000
	N	30	30	30	30

A multiple linear regression analysis was performed this aimed at establishing a linear relationship between the dependent variable and the independent variables. Table 4.11 shows a model summary table which was used to test for the goodness of fit of the model.

4.6 Discussion of Findings

The factors analysis method was to group extract and ranks the attribute which largely influence the strategic decision making. The attributes were condensed and grouped as; environmental, organizational, decision characteristic and managerial factors. The attributes were extracted and ranked as; many players with free entry and exit in the industry, environmental dynamism, managerial diversity in skills, size of the firm and hostility or adverse competition.

The findings indicate that, private security firms' strategic decision making is highly influence by the environment. The environment had three out of the five ranked factors and explained the highest variations. Many players with free entry and exit into the industry reflects the large number of private security firms in the industry that competes for a less developed market. Strategic decisions made therefore consider the market share, new entrants and customer service. Other factors in the environment considered are dynamism of environment and hostility or adverse competition. Environment in which private security firms operate was found to be dynamic and turbulent. Government regulatory compliances is an unprotected market makes the environment to be complex. Existing private security firms jostle for market positioning resulting to hostility and adverse competition.

According to the literature, Environment factors influencing strategic decision making are grounded in the dynamism and hostility of the environment. Environment turbulence increases unpredictability, reduces consistency of logic thereby making long-term planning untenable (Nooraie, 2012).

Miller et al (1983) observed that hostile environment call for increased rationality while Papadakis (1998) failed to find a similar relationship. Heterogeneous environment with several unrelated elements makes decision making more discrete, hence requiring enhanced decentralization and participation because decisional variable need unrelated skills (Langry *et al.*, 1980).

Size of the private security firm was found to influence strategic decision making. Big firms were found to have many branches and diversified customers with different needs. Making decisions in firms which have wide geographic spread influence decision making, with considerations being given to different branches. Other organizational attributes of structure and non-security related business had low factor leading values. Diversity in skills and qualification of managers was found to significantly influence strategic decisions in the category of managerial factors. Managers in boards meetings making strategic decisions whose quality is influenced by diversity of their skills. The internal design of an organization comprises of such elements as the definition and allocation of specific tasks.

Respondents were in agreement that; most of the strategic decisions made at private firm where they work are routine and therefore familiar, strategic decisions made in private security firms where they work have a high risk component, strategic decisions made in the private security firm where they work are aligned to the strategic plan of the regulations, most of strategic decisions in the private security

firm where they work affect all the departments (high magnitude of impact) and that strategic decisions made in the private security firm where they work are complex in nature requiring a consideration of a wide array of factors.

Environmental theories and strategic decision-making theories help in gaining insight on the industry's considerations when making strategic decisions. Population ecology theory (Freeman, 1977) and behavioral theory gives an understanding of the external and internal organizational dynamics in the strategic decision making. Behavioural theory focuses in subjective decision making by top echelons in organizations and are organizational specific (Morris *et.al*, 2012).

Respondents were in agreement that; top management team that makes strategic decision in the private security company where one work have vested interest in decisions made which are based on the departments or other interests which they are represent, top management team that makes strategic decisions in the private security where one work has diversity in terms of cognition that is different skills, exposure and work background, top management team that makes strategic decision in the private security company where one work in is skewed towards highly exposed and experienced members, strategic decision making by top management team in the private security company where one work is always done at after group discussion by all members of the team, and that top management team that makes strategic decisions in the private security company where one work is skewed towards young directors (40-50 years).

According to the literature, by Nooraie (2008) principles developed by the top management such as setting the required culture, tone, pace, and character ensures that it is effective in achieving success during the implementation of the creates strategy. The most limiting factor during strategy implementation can be the inability of the top management to demonstrate lack of commitment to the strategic objectives of an organization.

Generally, this commitment constitutes an important requirement during the implementation of a strategy. It should not be assumed that managers in lower positions have similar perceptions of the strategic plan and methods of implementation in the same manner as top managers. On the contrary, it should be the role of the senior managers to persuade the lower managers and employees about the effectiveness of their ideas. The culture of an organization can be described as the beliefs of the members¹ of the organization with regards to thoughts, perceptions, and feelings towards the goals and objectives of the organization in general.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter the findings of study are discussed with regard to the reviewed literature and conclusions are drawn with recommendations being made at the end. The chapter has subsections divided into discussion, conclusions, recommendation in addition, recommendations for further studies are also highlighted.

5.2 Summary

The findings of the study were that environmental, organizational, decision characteristic factors and managerial factors largely influenced many of strategic decisions in private security firms in Kenya. Private security industry was found to have over 111 registered firms with a significant portion of them unregistered with KSIA and PSIA associations. The unregistered firms pose a challenge to strategic decision making because they are unregulated, hence; they were not considered for the study. The findings also revealed that the majority of the senior managers reached in the private security firms possessed both academic and professional qualifications.

Regarding environmental factors, it was evident that the respondents were in agreement that environment of private security firms is dynamic and turbulent and influences strategic decisions made. Additionally, the study findings showed that the respondents were in agreement that the environment of private security firms has many players and with frequent entry and exit of firms and that there is high hostility characterized by price undercutting, takeovers and adverse competitive actions. As well, the study findings showed that respondents strongly agreed that the elements of environment of private security firms are diverse and heterogeneous (unrelated

elements) and that the environment of private security firms is lean with few resources against many competing firms. This shows that various environmental factors have a significant influence on strategic decision making in private security firms in Kenya.

On organizational factors, the study found out respondents were in agreement that large private security firms with wide geographic spread or branches across the country is a major factor that affects strategic decision making, in private security firms in Kenya. The study findings also showed that respondents were in agreement that private security firms with many hierarchies or levels of management affects strategic decision making. The findings also showed that respondents were in agreement that private security firms have been involved in mergers and acquisition as a growth strategy and this affected strategic decision making and that private security firms have diversified into other non-security related businesses, which affected strategic decision making.

On decision characteristic factors, the study found out that the majority of the respondents were in agreement that; most of the strategic decisions made at private firm where they work are routine and therefore familiar, strategic decisions made in private security firms where they work have a high risk component, strategic decisions made in the private security firm where they work are aligned to the strategic plan of the regulations, most of strategic decisions in the private security firm where they work affect all the departments (high magnitude of impact) and that strategic decisions made in the private security firm where they work are complex in nature requiring a consideration of a wide array of factors.

On management factors, the study found out that majority of the respondents were in agreement that; top management team that makes strategic decision in the private security company where one work have vested interest in decisions made which are based on the departments or other interests which they are represent, top management team that makes strategic decisions in the private security where one work has diversity in terms of cognition that is different skills, exposure and work background, top management team that makes strategic decision in the private security company where one work in is skewed towards highly exposed and experienced members, strategic decision making by top management team in the private security company where one work is always done at after group discussion by all members of the team, and that top management team that makes strategic decisions in the private security company where one work is skewed towards young directors (40-50 years).

5.3 Conclusion

From the findings of the study, it was concluded that factors which influence strategic decision making in private security firms are; nature of industry, level of competition, environmental dynamism, diversity in managerial skills and size of the private security firm. Industrial factors of free entry and exit indicate that barriers in the industry are non-existent or weak. This leads to increase in the number of players, high competition and adverse competition. The competition is also influenced by undifferentiated nature of the service offered by private security firms.

The environment of the private security firms was found to have a significant influence on strategic decision making. The findings were reflective of the view that strategy of an organization is made after carrying out SWOT analysis on the environment. Internal environment of the organization represented by; organizational,

decision and managerial factors are critical in strategic decision making because when combined, they account for 44% out of 65% variance extracted in factor analysis. Making of strategic decision therefore requires an analysis of external and internal environment of the organization.

5.4 Limitations of the Study

The study which was a descriptive survey focused on private security firms only. The findings of the study would only be applicable to companies in the private insurance industry. The respondents in each of the private security firms were one senior manager instead of the entire management staff who would have rather given a wider scenario of the factors affecting strategic decision making in the firms. Enlarging the number of respondents in each private security firm would reduce biasness and error rate. Lower level managers input are not captured in the study since they are not designed as respondents. The inclusion would lead to divergence of ideas on strategic decision making since they are involved in their implementation.

The researcher had time constraints being an employee and MBA student at the same time. Balancing between work and the research produced limitations which spilled over to the research. The study was carried out in Kenya where private security is not a fully developed phenomenon. The study findings would therefore face challenges of relevance and applicability in countries where private security is organized and developed.

5.5 Implication of the Study

The findings of the study have wide implication practice and policies. Private security firms will apply their finding in their strategic decision making process in order to improve quality of the decisions made. The industry will operationalize the knowledge gained from the study to enhance strategic decision making skills. This will lead to rational and quality strategic decisions and enhance performance of private security firms.

Policy framework to guide the industry on strategic decision making will be developed by the stakeholders. Such policy would lead to effective training to the firms entering the industry on how to make strategic decisions in a turbulent environment. Private security associations of KSIA and PSIA should develop policy framework on strategic decision making for their members. Government policy on strategic partnership with private security firms should incorporate findings of the study for effective coordination of government security and private security firms.

5.6 Recommendations for Further Research

Further research is recommended in other sectors or industry. Replication of the study to other sectors will facilitate generalization and applicability. Other methods of analysis in addition to inferential and descriptive analysis could be done to compare the outcomes. The study need to be replicated to other countries in Africa and in countries where private security industry is organized and developed. Studies from other countries would provide a benchmark upon which to gauge strategic decision making for private security firms in Kenya.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Eric Opanga

0722717697

Dear Respondent,

RE: DATA COLLECTION

I am a student, currently undertaking a Master degree in Business Administration at the University of Nairobi. As part of the requirement for the completion of my studies, I'm undertaking a research to establish factors affecting strategic decision making in private security firms in Kenya. In this regard, I am kindly requesting for your support my study by offering some time to respond to the attached questionnaire. Your accuracy and candid response will be critical in ensuring objective research. It will not be necessary for to write your name on this questionnaire, and for your comfort, all information received will be treated in strict confidence. In addition, the findings of the study will solely be used for academic research purposes and to enhance knowledge in the field of the study. If need be, the research report may be presented to your institution for information and record.

Thank you for your valuable time.

Yours Faithfully

Eric Opanga

APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION ABOUT THE RESPONDENT

1. Gender: Male: [] Female: []

2. Please indicate the name of your organization.....

4. Please specify how many years of working experience in the organization.....

5. Please specify how many years of working in the current position.....

6. Please indicate other senior management positions held in the organization.....
.....

SECTION B: FACTORS AFFECTING STRATEGIC DECISION MAKING

7. On a scale of 1-5 please indicate in the table below the degree to which you agree with the description of the factors influencing strategic decisions in the organization. Tick (√) as appropriate where: (1) To a very large extent, (2) To a large extent, (3) To some extent, (4) To a small extent (5) Not at all

ENVIRONMENTAL FACTORS		1	2	3	4	5
1.	The environment of private security firms is dynamic and turbulent and influences strategic decisions made.					
2.	The environment of private security firms has many players and with frequent entry and exit of firms.					
3.	There is high hostility characterized by price undercutting, takeovers and adverse competitive actions in the environment of private security firms					
4.	Elements of environment of private security firms are diverse and heterogeneous (unrelated elements)					
5.	The environment of private security firms is lean with few resources against many competing firms					

ORGANISATIONAL FACTORS					
6.	Private security firms where/which is large with wide geographic spread or branches across the country				
7.	Private security firm where / which is tall with many hierarchies or levels of management.				
8.	There are many departments in the private security firms that/which can be merged into a few.				
9.	The private security firm where I work has been involved in merger and acquisition as a growth strategy.				
10.	Private security firm where/ which has diversified into other non-security related businesses.				
DECISION CHARACTERISTICS FACTORS					
11.	Most of the strategic decisions made at private firm where I work are routine and therefore familiar.				
12.	Strategic decisions made in private security firms where I work have a high risk component.				
13.	Most of strategic decisions in the private security firm where I work affect all the departments (high magnitude of impact)				
14.	Strategic decisions made in the private security firm where I work are complex in nature requiring a consideration of a wide array of factors.				
15.	Strategic decisions made in the private security firm where I work are aligned to the strategic plan of the regulations				
MANAGEMENT FACTORS					
16.	Top management team that makes strategic decision in the private security company where I work have vested interest in decisions made which are based on the departments or other interests which they are represent.				
17.	Top management team that makes strategic decision in the private security company where I work in is skewed towards highly exposed and experienced members				
18.	Top management team that makes strategic decisions in the private security where I work has diversity in terms of cognition i.e. different skills, exposure and work				

	background.					
19.	Top management team that makes strategic decisions in the private security company where I work is skewed towards young directors (40-50 years)					
20.	Strategic decision making by top management team in the private security company where I work is always done at after group discussion by all members of the team					

SECTION C: Strategic Decision Making in private Security Firms

21. Indicate your level of agreement on the success of Performance Measures of Strategic Decision Making in Private Security Firms in Kenya. Rate where 1 = Strongly Agree, 2 = Agree, 3 = Moderately Agree, 4 = Disagree, 5 = Strongly Disagree.

Statements	Strongly	Agree	Moderately	Disagree	Strongly
There is adequate response to opportunities arising from environmental changes					
This organization has managed to well counter on competitors strategies and innovations					
There has been effective strategic change that has encompasses change in business performance					
There has been a well aligned strategic plans of the organization due to efficient decision-making process					

THANK YOU FOR YOUR PARTICIPATION