

RESPONSE BY KENYA KAZI SECURITY COMPANY LIMITED TO CHANGES IN
THE ENVIRONMENT

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DECLARATION

This Project is my original work and has not been submitted for a degree in any other University.

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D61/70108/2007

This project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

To my dear wife Wangari, my daughter Nyakinyua and son Weru for their patience, love and moral support. Also to my parents who always encouraged me and helped me understand the value of hard work from as early in my life as I can remember.

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This project would not have been completed without the encouragement, support and contribution from various people to whom I feel indebted. My gratitude goes to God my creator, who gave me the energy and faith to make it this far. My sincere gratitude to my supervisor Professor Evans Aosa, who patiently stood by me throughout the research period and offered the necessary professional guidance. To the management of Kenya Kazi Security Company Limited for availing useful information that enabled me to carry out the research. To my employer for encouraging me throughout my MBA studies and allowed me necessary time off to carry out the studies. Finally to my MBA colleagues with whom we shared very interesting and challenging moments during our MBA studies.

ABSTRACT

The environment within which any organization operates plays a significant role in the survival of the organization. Managers need to understand the uncertain nature of the environment within which their organizations operate and try to align the organizations strategies and capabilities to these environmental changes. This ensures the competitiveness and survival of the organization in the dynamic and uncertain environment. The security industry in Kenya has experienced various changes within the environment operated by the industry players, prompting a wide range of responses aimed at safeguarding market share and ensuring business success.

The research was a case study of Kenya Kazi security Limited to establish the various changes within their environment and how they responded to these changes. The objective was achieved by collecting both primary and secondary data. The primary data was obtained through individual interviews with four key managers at the company, while the secondary data was obtained from the company's publications.

The research established that the environment within which Kenya Kazi operates has experienced significant changes. These include increased competition from other players within the industry, demand for a wider range of services from the company's clients, increased insecurity within the country and technological challenges faced mainly by the company's guards workforce.

The company has responded to the above challenges by adopting to modern technology, the use of market research to establish what their clients and the potential clients would wish to have in the companies security product range and improved customer relations. The company

has also responded operationally by adopting lease financing to acquire some of the key assets like their fleet of response vehicles. The company has also adopted specialized training programs for their operations staff especially on the use of modern technology and also on ways to respond to the sophisticated nature of criminal activities in Kenya.

It is recommended that the company invests more in the analysis of various strategic business areas within the company's environment to enable the company establish which areas it will do business in the future. The analysis includes the establishment of the company's competitive position in each strategic business area and also what it has to do to gain the competitive position. The company needs to admit the fact that it could be losing its market share to some of its competitors and hence the need to establish new markets now and in the future.

The study is limited in that information gathered may not be useful in assessing the response by other industry players since it is limited to a case study of Kenya Kazi Security Limited. Also most of the respondents viewed some of the necessary information for the study as classified information that shouldn't be shared with outsiders like myself. Also the duration of the study was less than one year and yet the company had undergone many changes within the ten years that I sought to establish its response to changes in the environment.

Suggestions for further research include a study on other industry players to establish how each has responded to changes in the environment. A survey study on all major industry players would be interesting in making a comparison on what each company regards as a change in the environment and how each has responded.

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CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 Organizations and the Environment

The environment within which organizations operate can be both dynamic and uncertain. This means managers both in the private and public sector need to understand the uncertain nature of the environment within which their organizations operate and try to align the organizations strategies and capabilities to these environmental changes. The term environment refers to various attributes or variables within and without every organization which makes the organization both environment dependent and environment serving (Ansoff 1987). The environment will consist of various challenges faced by an organization both internally and externally, and such challenges must be anticipated, monitored, assessed and incorporated into the strategic decision making process. Johnson, Scholes and Whittington (2005) explain how managers whether in the public or private sector can make sense of the uncertain world around the organization, which is the business environment.

The environment can be diverse in many ways and is complex since the various separate issues within the environment are also interconnected. For example a change in peoples lifestyles can be due to technological changes. Technology and social cultural changes are two different but interdependent variables within an organizations environment. Understanding the business environment is thus a key component of the strategic management process. The effect of the environment on the organization depends mainly on the nature of the environment within which it operates and how well the organizations strategies and capabilities are matched to the environment. In a stable environment, the organization doesn't need to make any strategic changes since the situation is highly

predictable or is not expected to change. In a changing environment the organization is required to plan for the expected changes and anticipate the new environment within which it may operate and reposition itself using the existing opportunities and strengths. However in uncertain and unpredictable environmental changes the organization will be required to be more innovative and quickly adopt to align itself to the new environment (Ansoff, 1987).

With reference to the internal environment Mankins and Steele (2005), further stress the need to monitor an organizations performance with regard to resource deployment patterns and their results against plan. Continuous monitoring of performance is important in a company that operates within an uncertain environment. This enables prompt response in resource reallocation so as to render the planed strategies viable.

According to Hill and Jones (2001), an organization's environment will change over time depending on the different stages of growth within the industry. During the early stages of the growth in the industry, the environment will consist of a fragmented industry composed of large numbers of small and medium size companies. To adopt to this kind of environment, most organizations will go into-mergers and franchises so as to consolidate their market share and remain competitive. When the industry matures, the environment changes to one which is composed of a few large companies whose actions are so highly interdependent that the success of one company's strategy depends on the response of its rivals.

Ansoff and McDonnell (1990) argue that an organization's environment is the various distinct segments, also referred to as strategic business areas in which the organization does or may want to do business. It is necessary for managers to strategically analyze the various strategic business areas without necessarily referring to the organization's current business

portfolio. This analysis enables the managers to identify which strategic business areas the organization will do business in the future, identify the competitive position that the organization will occupy in each business area and finally what the organization has to do to gain this position.

1.1.2 Security Industry

The security industry in Kenya is comprised of large, medium and small sized security service providers. The service is highly labour intensive due to the employment of manpower to provide the guarding services. The market within which the companies operate varies from the small residential estates where the Kenyan middle class lives to the more up-market residential areas, which also house the diplomatic community. Commercial establishments also form part of the clientele and this also varies from small shops within the residential areas to large commercial centers within the city.

The bigger market share is dominated by few players including Kenya Kazi security, Group Four security, Bob Morgan security, the Securex group and First Force mainly targeting the highly security sensitive diplomatic community which has a large presence in the country. The security industry in Kenya* has seen several mergers and acquisitions taking place for example the recent acquisition of Armor group security by Group Four security. The strategy taken by Group Four security is the acquisition of many of the smaller players operating within areas operated by their main competitors like Kenya Kazi security. This has increased their response in security service delivery within an industry where immediate response to emergencies is a key factor in remaining competitive.

Security was in the past perceived to being limited to just having a guard with a button standing at an entrance to a premises mainly to just direct visitors or persons who are not

familiar with the new surroundings. This has changed due to the increased security threats on the country at large from external aggressors mainly from countries like Somalia, which are still at war. Security informers like the Kenya Kazi in their Nairobi weekly security updates have reported the presence of the AI Shabaab militia from Somalia in Mandera and Eastleigh. The militia is said to be responsible for the sporadic killings of civilians in Somalia and this is an indicator of the threat exposed to Kenya as a country. Internally the economic situation in Kenya has seen the influx of many jobless youth who now engage themselves into petty theft to earn a living. The petty theft is not just limited to mugging but the use of firearms, which are reported to be readily available for hire (Kenya kazi, 2009).

To align themselves to these changes in the environment, most security companies have adopted modern technologies like radio communication systems to monitor and collect information on security. The industry has also seen the adoption of the mobile telephone technology by some of the players like Kenya Kazi and First Force who have formed strategic alliances with Zain and Safaricom respectively to offer security updates to their clients through the mobile phone. This has contributed to the growth in the mobile phone subscriber base for the two mobile phone companies especially among the diplomatic community who consider security a major priority while operating in the country. Mobile responses using vehicles equipped with ground positioning system devices in conjunction with the Kenya police has also enabled the security companies to strategically position themselves in trying to adopt to the new requirements by their clients and the challenges within the industry (Kenya Kazi 2009).

1.1.3 Kenya Kazi Limited

Kenya Kazi Limited was incorporated in Kenya in 1967 and was initially based at the Kenyan coastal town of Mombasa operating as a guard company and later expanded into

providing cash in transit, guard and radio alarm services. Soon after the terrorist bombing of the American embassy in 1998, the embassy identified Kenya kazi security as the potential partner in providing security for their operations in Nairobi and the two organizations entered into an agreement for the security service provision.

Kenya Kazi went ahead to acquire Ears group of companies, which by then was the largest security company operating in Nairobi, which assured the company of a sizeable market share. However in the last few years other companies have emerged, like the Group Four security, which has adopted similar strategies with the acquisition of this time round not large companies but smaller companies, which has seen the company expand their network to exceed that of Kenya Kazi. Their well trained staff have also left the company to either work for the competition or form their own companies offering a wide range of security products like supply of metal detection equipments.

Kenya Kazi security provides a wide range of services including guarding services where they provide highly trained day and night guards for their clients both in residential houses and commercial premises. They also provide alarm response services, which connects their clients to a centralized control room and this allows the clients during emergency situations to raise a silent alarm through a panic button device installed at their respective premises. The alarm response service has formed a strategic alliance with the Kenya police who offer additional armed reinforcement to enable the response personnel handle challenging situations for example where there is an armed attack on their clients. They also provide short message service security updates through the Zain and Safaricom mobile telephone networks, which enables their clients to receive first hand information on the security situation around the country. This includes advice on areas deemed not safe and the reason for the perceived

insecurity. The company has in the recent past diversified its products range to offer facilities management services to their clients which includes provision of cleaning and maintenance services. This was seen as a value addition to their security service product since the clients don't have to worry that their security is compromised by allowing into their premises, too many outsourced service providers and only have to deal with one service provider (Kenya kazi 2009).

1.2 Research Problem

Ansoff(1987) argues that organizations are environment dependent and environment serving. This means organizations have to evaluate the turbulence in their environment and obtain needed resources and strategies that match the level of turbulence in the environment. This entails the matching of the organizations capabilities and the defined strategies with the prevailing environmental conditions, which enables the organization to achieve the ideal strategic fit where failure to do so will see it lose its competitive position in the industry.

The security industry in Kenya is facing many environmental challenges especially from a social perspective with the ever-increasing levels of crime. The diplomatic and international organizations in Kenya for example have contributed a lot to this turbulence, especially in the last ten years after the terrorist bombing of the American embassy in 1998. This is evident from the increased need for security surveillance within most public buildings in Nairobi, especially where such international organizations operate from. Petty criminal activities are also on the increase and the common Kenyan citizen too has become security conscious, increasing further the opportunities for business and this is evident from the entry into the security industry by small security firms that target even small housing estates. Entry by new players has also increased the levels of industry competition. These are examples of challenges within the macro environment that firms need to adapt.

Several studies have been carried out within a number of industries to establish how such firms have reacted to changes in their environment. These include Njogu (2007), Mburu (2007), Mugo (2007), and Muriuki (2005). These studies revealed that most organizations react differently and it all depends on how the environment influences them individually. However, minimal studies have been undertaken on any of the players within the security industry to establish the changes within their environment and how they responded to these changes.

Kenya Kazi is one of the major players in the security industry especially within Nairobi, where increased competition and the dynamic nature of demand for security products has seen other players emerge very strongly thereby threatening its market share. It is very clear that the environment within which Kenya Kazi has operated has changed over the years and this study aims at establishing how the company has responded to these changes. The research question in this study is, what changes have taken place in the environment of Kenya Kazi security, and in what ways has the company responded to these changes?

1.3 Research Objectives

This study has two objectives. These are:

- I. To establish how Kenya Kazi security Limited has responded to the changes within the environment.
- II. To establish the factors influencing the responses of the company.

1.4 Importance of the Study

First and foremost, no study has been carried out to identify how security companies in Kenya have reacted to various environmental changes within the security industry. This

study will help future researchers who wish to study this topic further. It will also help stakeholders within the industry such as staff members to evaluate further the concept of strategy and how well or poorly their strategies seem to work. It will also help the consumers of security products to understand how their changing security demands as a result of changes within the environment have affected the company and how the company has coped.

Most importantly is for the management to appreciate the concept of strategy in case this is not practiced at all in the company. The company may be facing stiff competition and losing out to the competition maybe just because the management has not adopted modern strategy based management styles.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategy

According to Thompson, Strickland and Gamble (2008) a company's strategy is management's action plan for running the business and conducting operations. The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations, and improving the company's financial and market performance. Thus a company's strategy is all about how management intends to grow the business, how it will build a loyal clientele and out compete rivals, how each functional piece of the business including supply chain activities, production, sales and marketing, distribution, finance and human resources will operate and boost their performance.

The strategic choices a company makes are seldom easy decisions, and some of them may turn out to be wrong but this should not be an excuse for not deciding on a concrete course of action. Mintzberg, James and Sumantra (1999,P.5) define strategy as "the pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. A well formulated strategy helps to marshal and allocate an organization's resources into a unique and viable posture based on its relative internal competences and shortcomings, anticipated changes in the environment, and contingent moves by intelligent opponents".

According to Porter (1985) strategy is all about a company's ability to optimally position itself in the industry regardless of the performance within the industry in general. This is by leveraging its strengths and mainly forecasting on cost leadership strategies and product differentiation strategies. The implication for cost leadership is that a company will have to lower its production costs by sourcing for cheaper inputs, outsourcing for non core services

which are available at lower cost and also the establishment of more efficient and cheaper distribution channels all in a bid to reduce operating costs and be able to offer its products at competitive prices. A differentiation strategy will imply the development of unique products that have a distinct difference from substitutes offered by the competitors. This uniqueness will also enable the company to charge a higher price and earn a higher profit. The aim of the cost leadership and differentiation strategies is to enable the company sustain a competitive advantage in the event that other players in the industry are unable to match these strategies.

Ansoff(1987) looks at strategy as the organizations ability to match its strategies and internal capabilities to the environment in which they operate. The implication is that organizations should be able to assess the turbulence within the environment and check if they have a strategic alignment problem. A shift in the environment presents a strategic challenge and managers have to re-think the organizations strategy and its internal capabilities to avoid a strategy to capability gap. The ideal situation is when every change in the environment is matched with a corresponding change in the internal capabilities and change in strategy.

2.2 Organizations and the Environment

It is important for managers both in the private and public sector to understand the uncertain nature of the environment within which there organizations operate, which in this context is termed as the business environment. This is because the environment can be uncertain, diverse, unpredictable and sometimes unfair. Pearce and Robinson (2002) explained the importance of forecasting the environment by selecting critical environmental variables for study and integrating the results into the strategic management process so as to secure long-term competitive advantage and strategic success. These variables can be termed as the drivers of change, and will affect organizations differently depending on the environments

within which they operate. Challenges posed by a firm's immediate and remote external environment must be anticipated, monitored, assessed and incorporated into the executive decision making process (Wahogo-Maina, 2006).

According to Ansoff (1987) organizations are environment dependent and environment serving, which means that organizations are open systems and do influence as well as get influenced by various environmental factors. The important thing is to identify how well they align themselves to the shifts within the environment. The environment changes as events take place for example a change in legislation or innovation by a competitor, or where two competitors merge and demand more preferential trading arrangements in line with their newly acquired competitive advantage of for example increased market share. Thompson and Strickland, (1992) sums up the organization's environment as to constitute the factors that shape the choice of strategies taken by organizations in order to remain competitive.

The most general component of the environment is often referred to as the remote or external environment. This consists of broad environmental factors that impact to a greater or lesser extent on almost all organizations. The PESTEL framework can be used to describe the external environment, which constitutes among others, political, economic, social, technological, environmental and legal factors. The understanding of these as drivers of change and factors that influence the structure of an industry, an entire sector and more broadly the market in general is very important for managers, in identifying how strategies might need to change depending on the different ways in which the business environment might change. The political environment in Kenya for example has affected the whole economy in general, with most investors taking a wait and see attitude, which is evident from the bearish performance at the Nairobi stock exchange. Any political pronouncements are

seen to have an immediate effect on the stock and money markets and the economy in general, either positively or negatively.

Legal aspects for example the recent labor laws that require employers to grant paternity leave to men has affected the entire labor market in Kenya. Most companies are now trying to strategize on how to absorb the additional staffing costs associated with the extra off days that were not foreseen.

The industry environment constitutes the more immediate and competitive environment within which the organization operates. The impact of the general environmental factors discussed above tends to surface in the organizations immediate environment through changes in the competitive forces on organizations. An importance aspect of this for most organizations will be competition within their industry or sector. It is important for managers in any organization to understand the competitive forces acting within the same industry since this will determine how the individual organizations might choose to compete. Managers have to look at opportunities within the industry that fit into the organizations values and resources and capitalize on them to achieve a competitive edge over the competition. Industry threats should also be taken seriously by either neutralizing them or turning them into opportunities (Johnson et al, 2005).

2.3 Forecasting the Environment

Thompson (1999) stated that a complex and dynamic modern environment is inevitably difficult to forecast; the inherent uncertainties can make it highly unpredictable and potentially chaotic. In order to forecast the environment, managers need to identify the forces that are most important and why they are important, and also predict how they might react in

the future. This forecast will also enable identification of an organization's opportunities and threats, and how ready the organization is in responding to such opportunities and threats. This depends on how compatible an organization's resources are to the predictable environmental conditions, which means the forecasts should be as realistic as possible; they should be used in decision making and for the determination of future strategy; and the implications of change in the environment should be acted upon and not ignored. Thompson et al (1999) states that insightful diagnosis of a company's external and internal environment is a prerequisite for managers to succeed in crafting a strategy that is an excellent fit with the company's situation, is capable of building competitive advantage, and holds good prospects for boosting company performance.

Factors to be forecasted include the economy, which is done based on factors such as government spending, economic growth, interest rates, exchange rates, money supply and people's spending habits. For example the recent budget estimates by the Kenya government have indicated the willingness of the government to increase expenditure within the infrastructure sector, which will act as a booster to the economy. Industries within the construction industry will see this as an opportunity for them to supply inputs required for example in road construction. Increased government spending will also trigger borrowing by the government to finance the spending. The banking industry will also view this as an opportunity in the possibility that the government will borrow locally which means increased business for the banks.

It is important to also forecast the political influences on the economy in general. This depends mainly on the political climate in the country. However as we experienced during the last general elections in Kenya, this prediction is not always correct. No one foresaw the

eruption of the post election violence and instead it was widely believed that it would be business as usual with investors positioning themselves for the anticipated new business opportunities. This is now a wake up call and in the future, most managers will now have to predict two different scenarios every time there is a general election in Kenya.

Technological is the other important variable in the environment that requires to be forecasted. This covers technology generally, and the possible impact of innovations which result from research and development by an organization. Technological changes can have an impact throughout an organization and consequently it is useful for managers in various functions to consider the possible effects on them. The money transfer innovation by the mobile phone industry in Kenya has enabled banks predict the future of banking in Kenya.

The main focus on the industrial environment is to look at the forces that shape competition in the industry. According to Thompson et al (1992) the strengths of competition is a composite of various forces among others, competitive pressures steaming from the competitive jockeying and market maneuvering among industry rivals, competitive pressures associated with the market inroads being made by the sellers of substitutes, competitive pressures associated with the threat of new entrants into the market, competitive pressures stemming from supplier bargaining power and supplier- seller collaboration, and competitive pressures stemming from buyer bargaining power and seller-buyer collaboration. The nature and strength of the competitive pressures associated with these five forces have to be examined force by force to identify the specific competitive pressures they each comprise and to decide how whether these pressures constitute a strong or a weak competitive force. Finally, managers will endeavor to match a companies strategies, with these industry forces to pursue avenues to shield the company from prevailing competitive pressures and also

provide actions to produce sustainable competitive advantages, thereby shifting competition to the companies favor, and perhaps defining the business model for the industry.

2.4 Responses to Changes Within the Environment

Where the real payoff for strategy making comes, is for managers to draw some conclusions about what strategy adjustments will be needed to deal with the impacts of the driving forces. An understanding of the organizations environmental changes enables managers undertake strategy adjustments needed to cope with these changes and the impact they are likely to have on market demand, competitive intensity, and industry profitability. The nature of the environmental forces does influence a lot the appropriate organizational response. In complex, turbulent, dynamic and uncertain situations the response is always reactive, and the organization has to align itself to the prevailing conditions. Such conditions are mainly difficult to understand and are taken as they come. The important thing is for managers to adapt quickly to the changes and ensure that the organizations resources and values are matched with the changing environment. When the environment is stable and predictable, managers are able to plan for the foreseen changes and include such expected changes in their strategic management processes. Finally when the environment is capable of being changed or influenced, then the strategies undertaken are always proactive (Thompson, 1999).

Understanding the company's resources strengths and weaknesses, and external opportunities and threats is an important aspect in responding to environmental changes. This will enable the organization to take advantage of it strengths to improve their competitive position, while the weaknesses may represent vulnerabilities that need correction. External opportunities and threats come into play because a good strategy aims at capturing a company's most attractive opportunities and at defending against threats to its well-being (Hayes and Pisano, 1996).

Njogu (2007) studied the strategic responses by Schindler Kenya Limited to the changes in the environment. She found out that the business environment, within which the company operated had changed significantly with the entry of many players, hence increased competition. The challenge for the company was the difficulty it encountered in retaining its existing clientele since the competitors were employing a price reduction entry strategy.

Mburu (2007) studied the strategic responses to environmental challenges by Kenyan horticultural exporters. The study identified the use of modern technology as one of the strategies employed. The dependence on the global market required that the companies align themselves to the international environment. New markets and product diversification was also another strategy employed by most companies. Omondi (2006) studied competitive strategies adopted by airlines in Kenya and she identified that the use of product development strategies was apparent in a number of airlines, which enabled airlines to sell new products to both existing and new customers. Gichehia (2006) studied responses by Kenyan construction firms facing changing environmental conditions.

Other responses include product enhancement strategies like the recent shift by Barclays bank limited from the old strategy of increasing their branch network to the use of technology in offering banking services. This enables the bank acquire a competitive edge over its competitors due to the unique nature of the new products which they can sell at a premium and improve their profitability. This is in response to the recent economic global crisis and also the advancement in technology, which demonstrates clearly the need for companies to align themselves to the conditions within the business environment. With regard to the political environment, most companies will respond by predicting different situations that may arise as a result of any political developments and prepare to align themselves to such

conditions to avoid loss of business in case of violent conditions or loss of business where new opportunities that arise are not exploited.

The use of strategic marketing in response to changes in the environment includes selecting the most appropriate strategic markets to target and establishing the quality of products to offer and at what price. The appropriate tools to market the products have to be employed including well-structured distribution channels, which ensure the products reach the consumers at the right time. The above process should be reviewed time and again for improvement, so as to add value within each stage of the process to ensure the organization remains competitive (Kotler and Keller, 2006).

The organization's strategic capabilities should also be reviewed as a response to changes to the environment. This includes the development of unique resources which enables an organization achieve competitive advantage especially where the competitors cannot duplicate the resource. Branding of goods and services is one such way of developing a unique competence. Cost efficiency is another important strategic capability for an organization, which enables the offering of goods and services at lower prices where the low cost benefit is on passed to the customer leading to improved customer loyalty.

Organizations can also respond by venturing into new markets through merging with players in an already established market and also the acquisition of some of the smaller industry players. Responding by forming strategic alliances will also enable an organization to widen its product range thereby making up for lost revenue where market share is lost as a result of competition within the existing market.

Operational responses may involve the review the staffing structure to establish if the organization has employed the right people with the required competencies. The dynamic nature within which organizations operate may render some of the staff competencies obsolete and it is important for management to have the ideal staff competences in order to survive. This may involve hiring of staff with modern strategic management skills or creating a leaning organization where new skills and ideas are shared.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was done through a case study design where the unit of study was the Kenya Kazi security company limited. This entailed a detailed and intensive analysis of the company, which allowed an in-depth exploration of issues forming part of the company's environment both internal and external. Case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations (Cooper and Schindler, 2003).

Case study research design provides very focused and valuable insights to phenomena that may otherwise be vaguely known or understood. This is enabled for example by the use of a participatory approach, which will ensure great interaction with the target respondents (Sekaran,1992).

3.2 Data Collection

The study involved collection of both primary and secondary data. The primary data was obtained from conducting personal interviews among the top management. An interview guide was used to direct the interview, which was in form of structured questions with specific questions to each member of the management team (see appendix 2). The advantage of this was to be specific to the point and ensured that data collected was accurate. The respondents consisted of four members of the top management team including the general manager and three other managers who are in charge of various departments like marketing and customer service, finance, and the technical department. Self introduction to the

respondents was done through a written introduction letter (see appendix 1). The secondary data came from the company's weekly security updates and general publications.

3.3 Data Analysis

Data analysis was carried out using the content analysis technique. This is a technique for making inference by systematically and objectively identifying specific messages and then relating them to the trends. Cooper and Schindler (2003) explains content analysis as a measure of the semantic content or the-what aspect of a message. Its detailed analysis makes it a wide-ranging tool that may be used as a problem-specific technique.

According to Leedy and Onnrod (2005) there is need to identify patterns in the data that is collected. The data and their interpretations are scrutinized for underlying themes and other patterns that characterize the case more broadly than a single piece of information can reveal.

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.1 Challenges faced in the Environment

4.1.1 Increased Competition

The company has in the last few years been faced with stiff competition especially in the international organizations and diplomatic missions market, where the interviewees confirmed the company controls the largest share of the market. The interviewees agreed that the penetration of the general market by companies like Group Four security and Securex Limited has posed a big challenge to their competitive position within the international organizations market segment. This is evident from the recent loss of a security contract to offer guarding services to the United Nations diplomatic petrol station in Gigiri to Securex Limited. The Embassy of Sweden has also placed a tender for the provision of security services to all their diplomatic staffhouses and the office premises. This is a sign that some of the company's major clients may be having some interest in the quality of services offered by the competitors, depending on how they view the industry players in general.

The company is also faced with unfair competition from the interference in their communication frequencies by* some of their competitors, leading to loss of confidence in the company's communication channels by some of their clients. The company blames this on some of the smaller players who don't seem to be guided by any moral ethics but would like to damage the company's reputation. However the company admits that this is a challenge since they cannot properly convince their clients that their communication equipments and channels are the most superior and tamperproof.

The interviewees also looked at competition from the point of view that some of their competitors like Group Four Security had much earlier adopted a wider product range than

what the company was offering at the time. Until recently, the company did not offer fire and ambulance services, which they realized was a major challenge in maintaining their competitive position since the market had shifted demand from just security to both security and safety services.

4.1.2 Operational Challenges

Increased criminal activities in Kenya has prompted the company's clients to also increase their security awareness and they now demand a much quicker response to any security incidence that is reported. They also demand increased surveillance of their premises and homes which the company views as a major challenge since their personnel have to improve on their alertness and the company has found it necessary to invest in modern security equipments and a larger fleet of response vehicles.

Outdated skills among their staff especially the guard work force was another challenge faced by the company. This was due to changes in technology and also the sophistication in criminal activities in Kenya. Criminal gangs have acquired lethal weapons and the company could not respond by the use of the traditional hand held buttons to deter the well equipped criminals.

The company is also faced with the challenge of information flow given their ever increasing staff numbers. The company has a guard workforce of over 7,000 personnel who are spread all over the company's assignments, making it very difficult to closely supervise the guards and pass on important real time information especially in the night. This has lead to instances where some guards abscond duty and are found physically not present at their work stations or even fast asleep at night when they should be awake and alert.

The cost of running their large fleet of response vehicles was also said to be a big challenge as the company endeavors to reduce their operational costs and increase the shareholders wealth. The vehicles were prone to abuse with the drivers taking unnecessary journeys for their personal benefit. This meant the company had to spend a lot on fuel and maintenance costs.

4.2 Response to Challenges Faced

4.2.1 Marketing Strategies

Expansion into regional markets is one major way in which Kenya Kazi Limited has responded to increased competition within the Kenya market. Their huge resource capacity has enabled the company to open up branches in Tanzania, Uganda, Rwanda, Burundi and more recently South Sudan. These are emerging markets that have not been exploited very much and are seen as cash cows for the company to make up for any lost business within the Kenyan market. This is demonstrated by the rapid growth in the companies revenue from United states Dollars six million in the year 2001 to United states dollars Forty million in the year 2008.

Market segmentation is one other marketing strategy that the company has employed. This involves a major focus on the larger cooperate clients consisting of non governmental organizations and diplomatic missions. They have also targeted large corporate institutions like the East African breweries, Bamburi cement company and SDV Transami. They have achieved this by providing specialized services at discounted prices to these clients most of whom have been in their client portfolio for a long time. This enables the locking out of any would be competitor, who threatens to penetrate into this market as they may not be able to offer the same products at lower price levels. The American Embassy and the United nations

office in Nairobi, given their large presence in Kenya of over two thousand diplomatic staff and their large office complexes in Gigiri, presents a large client base for Kenya Kazi which the company has protected through the market segmentation strategy.

4.2.2 Customer Service

Improving relations with their customers is also another way in which the company has responded to increased competition. This includes paying of courtesy calls to their major clients in order to talk to them and establish their levels of satisfaction with the company's services. The use of detailed questionnaires for their clients to fill out and provide an honest answer on their levels of satisfaction, on what they don't like about their services and what they would like improved also provides a way for the company to improve on service delivery.

The company also maintains a complaints log sheet where all complaints are channeled to a central data base for easy access by top management. The management has set a target of twelve hours within which a complaint should be reviewed and resolved, and the relevant feedback given to the complainant. The company understands that they cannot bargain on their clients satisfaction which makes it among the top issues on the list of priorities.

A quotation such as the one below demonstrates the company's success in achieving high levels of customer satisfaction over the years. " We thank Kenya Kazi Security for their diligence and commitment to providing us with on-demand situational assessments at all hours of the day and for systematic action on each requirement of our plan throughout the process. We have been through a number of these over the last twenty years and their performance stands out". (Source: research data).

4.2.3 Operational Responses

In responding to the increased demand for prompt response to emergency calls, the company has to rely a lot on a large fleet of vehicles to meet the demand from its clients who are spread within different locations in Nairobi. Physical mobility is one big challenge that the interviewees agreed that the company was facing, having assured their clients of a response time of within five minutes whenever they make an emergency call. The company has partnered with motor vehicle dealer CMC motors to operate leases for the acquisition of most of their new fleet of response vehicles that number about one hundred. This has enabled the company to position the response vehicles within distances of three kilometers from each other to ensure the set response time is achieved. This also means the company doesn't have to tie up its resources in the purchase of the vehicle fleet like they did in the past and instead can use the money to finance other operations.

The interviewees stated that the company has endeavored to continuously train their staff especially on the evolution of criminal activities and the possible expected changes as criminality methods and threats continue to change. Initial training is not enough and the staff are required to undergo continuous training which also includes refresher training. The company has a state of the art training center which provides an enabling environment for staff training.

As a backup for the security guards, the company has devised the use of security guard dogs to boost the security for some of their VIP clients like Ambassadors. The company runs a canine center for training and breeding the guard dogs. Currently they have 230 working dogs, 50 in the breeding section and 40 dogs on training. The company has also engaged the services of armed police officers to accompany the vehicle response teams on all occasions,

in response to the challenge of dealing with armed criminal gangs. The respondents **confirmed** that this has helped in reducing incidences of armed robberies especially in the up market residential areas where most of the company's clients reside.

4.2.4 Product Diversification

All the interviewees were proud of the recent acquisition of the Knight support fire services company in June 2009 by Kenya Kazi Limited as the latest strategy to improve on the company's product range and improve the company's competitive position. The company was acquired as a going concern with four fully equipped fire engines, which enabled Kenya Kazi to roll out the fire protection services to their clients immediately. The product also includes installation of smoke detectors which are connected to the clients automatic alarm systems, which enables quick and automated detection of fires for immediate response. This has enabled the company to stop competitors such as Group Four Security which adopted the same strategy much earlier from making major inroads into their market share.

The company has also ventured into the cash in transit business, which was in the past dominated by companies such as Group Four security and Wells Fargo. They found it necessary to offer the service to their existing clients who would otherwise turn to other service providers, thereby risking the company's existing market position in their security services core business. This is possible where a client would wish to shift to a service Provider who offers a wide range of products. To offer the service efficiently, the company has utilized some of the modern technologies like customized ground positioning systems to Monitor and manage the daily activities of their cash in transit fleet. The system provides a real time position fix and a visual image of the fleet. The service is offered through the company's subsidiary Lodgit Limited.

Events security management is another way in which the respondents confirmed that the company has succeeded in the diversification of their product range in response to increased competition. The company has partnered with sports organization like the rugby safari sevens to offer safety and security services during major competitions. Also for the third year running the company has been contracted by the East African breweries to offer security services during the tusker project fame annual competition. This has helped in marketing the company's products since the event competitors are seen to be of high social status requiring to be heavily guarded, and if the company has the capacity to offer this type of security then they continue to be highly regarded by their clients and would be potential clients.

The company through another of its subsidiary company's Kenya Kazi Facilities management liked has recently ventured into the hospitality industry to offer services like cleaning, housekeeping, internal and external landscaping and general maintenance. The respondents indicated that this product has received positive response especially from their existing clients in that they don't have to compromise on their security by hiring different company's to offer the said services, and will instead leave Kenya Kazi to take control of most functions within their premises which reduces the security risks to a minimum level.

The company has also signed an exclusive agreement with African Air Rescue health services to provide all their clients in Nairobi and Mombasa with ambulance response services. When necessary the clients are required to make the normal emergency calls through the automatic alarm system which is connected to a central control room, and after confirming that the emergency is medical in nature, the ambulance is dispatched as soon as possible to evacuate the patients to the nearest hospital.

The other new product that the respondent talked about was the provision of close protection, which is a personalized security service that is designed to meet corporate and individual requirements for the short or long term. The company has a team comprising close protective operatives and security trained drivers to provide security cover for escorts, convoys and personal protection. The services are linked to the company's entire resource base with means the clients have value addition.

In targeting the tourism sector, the company has developed a product referred to as remote site security management. The sites are remote locations such as in game parks and other remote tourist attraction sites, with little infrastructure and largely underdeveloped systems, which presents unique security needs and challenges. Remote site security management involves the deployment of personnel and equipment in unsettled areas under canvas tents ready to provide security services to tourists who wish to hire their services.

4.2.5 Adoption of modern technology

The respondents indicated that the management and supervision of their guard work force is of paramount importance. In response to the supervision challenges, the company has employed the use of two electronic supervision methods. All guards are required to press an online guard electronic monitoring system every hour while on duty. In addition there is a supervisor who also records his visits with a hand held guard electronic monitoring system. A report is then availed to the management on a regular basis and they are able to establish any possible lapse by the guards while on duty.

The company has in the recent past advanced its closed circuit television surveillance technology by using the Internet to connect the systems to their clients computers in the

offices. This has enabled their clients to remotely monitor activities at home while still at the work place.

The mobile telephone technology has also been used in response to demand for security awareness. The company has forged a partnership with mobile telephone service provider Zain to send short messages to their clients to update them on various security incidents within the country. This has added value to the clients since they are well informed on what is happening and are able to avoid unnecessary travel to locations are deemed unsafe.

Acquisition of modern communication equipments has enabled the company respond to unfair competition through the interference with their communication channels and equipments. The use of communication equipments with a call identification device has enabled the company ensure that their systems are only used by authorized persons otherwise they are automatically disabled.

The respondents confirmed that the use of vehicle tracking devices has enabled the company deal with the challenge of misuse of their fleet of response vehicles. The vehicles are fitted with a ground positioning system to easily location the physical location of the vehicles. Each vehicle is only allowed to operate within a certain radius and the device has the facility to send a signal to the manager in charge whenever a vehicles travels out of its operation zone.

4.3 Discussion

The study reveals some direct relationship between the findings and the underlying theory with respect to some of the challenges faced by the company and the way in which the company has responded to the challenges faced in the environment it operates. Ansoff (1987)

explains the need for companies to assess their internal capabilities to establish if they are having a strategic alignment problem while responding to the turbulence within the environment in which they operate. The study has established that while responding to the increased demand by the company's clients for prompt response to emergencies, Kenya Kazi Security has assessed its vehicle fleet capability and strategically partnered with CMC motors to operate leases for the acquisition of most of their new fleet of response vehicles.

Thompson et al (2008) explained the need for managers to pursue a particular set of actions in growing their business, attracting and pleasing customers so as to remain competitive. The study reveals how Kenya Kazi has tried to fight off competition by improving relations with their customers by making courtesy calls to their major clients in order to establish their levels of satisfaction with the company's services. This helps provide necessary feedback for improving and growing the business. This also makes the customers feel important and in turn reassure the company of their continued support in providing business to the company and not turn to their competitors.

The theory explains the strategy of venturing into new markets, acquisition of some industry players and forming strategic alliances in a bid to widen a company's product range thereby making up for lost business within the existing market as well as increasing its competitive position. This relates to the findings of the study where Kenya Kazi Security has ventured into regional markets within East and Central Africa to make up for lost business within the Kenyan market. Also the alliance with the Kenya Police has helped the company in the delivery of their emergency response services. The acquisition of Knight support fire services company has improved the company's product range and helped fight off potential competition.

In comparison with similar empirical studies, Njogu (2007) in her study on strategic response by Schindler Kenya Limited to changes in the environment revealed that increased competition from new entrants was a major challenge for the company. This is similar to the increased competition in the Kenya Kazi security company's environment from the entry of many industry players. Both companies responded by undertaking a survey to establish the levels of satisfaction among their clients in a bid to improve on service delivery to avoid loss of the clients to potential competitors.

Advancement in technology also posed a challenge to the Schindler Kenya Limited workforce especially the elderly group, which was not well conversant with modern computer systems. This is similar to the challenges faced by Kenya Kazi security among the guard workforce who couldn't respond to heavily armed gangs using the traditional hand held buttons. Both companies responded by adapting to the use of modern technology in their service delivery and got their staff members to improve on their outdated skills through a wide range of training programs.

Kamau (2007) in her study on strategic response to changes in the external environment of Kenya Re-insurance Corporation revealed increased competition from other reinsurance companies as one major challenge for the company. The company responded by diversifying its product range through venturing into the real estate industry to make up for lost revenue due to lost business within the re-insurance industry. A similar challenge was faced by Kenya Kazi security that also responded by diversifying its product range to include provision of safety and hospitality services.

CHAPTER FIVE: SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1 Summary

This chapter presents the summary, recommendations and conclusion of the study. The conclusions are made on the basis of the objectives this study was set to achieve. It further guides future researchers who wish to study this topic further.

From the findings of this study, it is evident that the company has faced many challenges caused by changes in the environment. The changes have posed challenges to the company, which include increased competition, demand for a wider product range by the company's clients and various operational challenges including the need to operate a large fleet of response vehicles and the ability to properly supervise a large guard workforce.

The company has responded to the challenges in different ways but most of the responses are due to challenges posed by competition within the industry. The responses included product diversification, improved customer care, expansion into regional markets and other operational responses including staff training programs and lease asset financing to acquire the large fleet of response vehicles.

5.2 Limitations of the Study

The interviewees were not willing to provide direct answers like the position of the company within the industry in terms of market share, and instead chose to give answers like we are the leaders in the industry. They said that such information was very sensitive and regarded it as classified information.

The respondents seemed to view a recent tender for security services by my employer as a possible indication that one of their major client, the Embassy of Sweden could be sourcing for a new service provider. Most of the respondents questioned why my employer decided to tender for the security services and yet they have all along been assured that their services were second to none.

Also the study was carried out in a period of less than one year and yet the study was meant to cover responses in the last ten years. This period is considered very short and also that within ten years the changes happening in the company were too many and it wasn't possible to get very accurate information.

5.3 Recommendations

It is recommended that policy makers invest more in the analysis of the various strategic business areas within the company's environment to enable the company establish which areas it will do business in the future. The analysis will also include the establishment of the company's competitive position in each strategic business area and also what it has to do to gain the competitive position. The company needs to admit the fact that it could be losing its market share to some of its competitors and hence the need to establish new markets now and in the future.

It is also recommended that managers in different organizations involve the staff in a wider perspective in the strategy making process. This is because each individual may possess a distinct advantage for example on the competitive position of companies within the industry that they may have worked for in the past and such information can be used to fight off

potential competition or even in penetrating market segments that were in the past perceived difficult to enter.

5.4 Suggestions for further research

It is very clear that some of the major strategies employed by the company are the use of modern technology to improve on service delivery to ensure it remains competitive, and to help lock out other players especially from its main client market segment the diplomatic missions and international organizations. A survey should be carried out on the company's clients to establish their view on company's efficiency in service delivery and what they think are company's major challenges and how they think the company has responded to these challenges.

Suggestions for further research also include a case study on other industry players to establish how each has responded to changes in the environment. A survey study on all major industry players would be interesting in making a comparison on what each company regards as a change in the environment and how each has responded.

5.5 Conclusions

From the study, it is apparent that Kenya Kazi Security Company limited is environment dependent and like any other organization it has responded to various changes in the environment for its own survival. It has faced various challenges from the changes in the business environment it operates, including increased competition from other industry players and the demand for a wider product range by the company's clients.

The company has responded in different ways including diversifying on its product range to offer a wide range of products and services to try and lock out potential competitors. The company has also ventured into regional markets to make up for lost revenue due to loss of some of its market share. The company has also embraced modern technology to ensure that some of its internal capabilities match the changes in the environment.

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APPENDICES

Appendix 1: Letter of Introduction

Dear Respondent,

RE: RESEARCH ON THE RESPONSE BY KENYA KAZI SECURITY COMPANY LIMITED TO CHANGES IN THE ENVIRONMENT.

I am an MBA student at the University of Nairobi currently undertaking the above stated research project as part of the academic requirement for the award of the said degree.

I would be grateful if you could kindly spare some of your time for me to come to your office for a short interview with you. An interview guide is here attached for your easy reference and to help you to prepare accordingly. The information you give will be treated with utmost confidentiality and will be used solely for this research. A copy of the research project will be made available to you on request.

Your cooperation will be highly appreciated.

Thanking you in anticipation.

Yours Faithfully,

Albert Kabui

Student

Professor Evans Aosa

Supervisor

Appendix 2: Interview Guide

1 To the managing director

- a) What is the size of the company in terms of market share and turnover?
- b) What is your companies mission statement?
- c) How long have you worked at the company?
- d) Do you have a company strategic plan and how do you monitor its implementation?
- e) Has your strategic plan changed significantly in the last ten years and if yes, how has it changed and why?
- 0 Do you see the recent mergers and acquisitions carried out by Group 4 security as a threat to your market share and if so how and what strategies have you put in place to ensure you remain afloat?
- g) What changes do you think have occurred in the industry and among them which ones do you think have affected your company and how has the company responded to these changes.

2 To the general manager

- a) What operational changes have taken place at the company within the last five years?
- b) What have been your main challenges in the last five years and how have you responded to them?
- c) Who are your main competitors and how have you managed to challenge them to remain competitive?
- d) Does the company measure performance from a departmental level and if so how?

3. To the marketing and customer care manager

- a) What are your main marketing strategies and have they changed significantly in the last three years?
- b) How do measure customer satisfaction and how do you respond to dissatisfied customers given the sensitive nature of the industry you operate?
- c) Who are your major customers and do you accord them any preferential treatment and why?

4. To the training manager

- a) Do you see the sophistication in criminal activities a challenge depending on the levels of training among your guards and if so how do you deal with this?
- b) What are your policies on staff training and development?

5. To the human resource manager

- a) How many security guards do you have under your employment and what are their minimum qualification requirements?
- b) What is the rate of your staff turnover and why to think it is at the stated level? Has the trend changed in the last five years and why?
- c) Do your foresee any staff layoffs in the near future and why?

6. To the information technology manager

- a) Has the advancement in the world of information technology in the last five years affected your company and if so how?
- b) What is the company doing to ensure it remains up-to date with the rapid changes in information technology systems?

7. To the finance manager

- a) What are the challenges facing the company in terms of availing funds to expand your operations?
- b) How have you responded to the challenges mentioned above?

8. To the technical manager

- a) How can you rate the company in terms of usage of modern equipments and how does compare with your competitors?
- b) Do you encounter any criminal interference with your communication systems and if so, how do you deal with this challenge?
- c) Does your partnership with the Kenya police offer any technological advantage and how?