

**COMPETITIVE STRATEGIES ADOPTED BY PRIVATE  
SECURITY FIRMS OPERATING IN MOMBASA**

**BY:**

**DANIEL MELIN LEKOLOOL**

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## DECLARATION

This management research project is my original work and has not been presented for a degree in any other university

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SIGNED

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(DATE)

DANIEL MELIN LEKOLOOL

**D61/8531/2006**

This Research Project has been submitted for examination with my approval as University Supervisor.

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SIGNED

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DATE

DR.MARTIN OGUTU

DEPARTMENT OF BUSINESS ADMINISTRATION

UNIVERSITY OF NAIROBI

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## **DEDICATION**

To my parents Mr Francis W Lekool and Ruth W Lekool

To my wife Faith Chebet and brothers Timothy, Raphael, Sammy and Isaac

## **ABSTRACT**

Competitive strategy concerns what a firm is doing in order to gain a sustainable competitive advantage. This project analyses the competitive strategies adopted by private security firms operating in Mombasa and competitive strategy challenges.

The objective of the study is to establish what competitive strategies have private security firms operating in Mombasa adopted to meet the competition in the sector and what challenges do the firms meet in applying the competitive strategies. The study population constituted of 54 private security firms operating in Mombasa, a response of 39 firms was received accounting for 72.2%.

The results showed that, 37% of the firms had less than 100 employees, 24% between 100 to 200 and 39% over 200. 28% of the firms had no branches out of mombasa whereas 72% indicated they had branches. 97% of the respondents indicated their firm had a written strategic plan whereas 3% indicated they did not have a mission. The correlation between the firm size and the competitive strategies adopted by the firm is 0.596 this indicates that the firm size influences the competitive strategies adopted.

From the study it was concluded that all security firms operating in Mombasa have adopted competitive strategies. It was also concluded that choice of competitive strategies is determined mainly by the firm size and the need to either attract new customers or build customer loyalty of the already existing customers by offering them what they consider most important and valuable. The small sized firms favoured a low cost strategy with the medium and larged sized firms favouring the adoption of differentiation and focus strategy.

The major challenges faced by the security firms are government conditions, imitation by other firms, increase in number of competitors, rapid changes in customer needs, huge financial requirements and technological factors respectively. Further research should be carried on private security firms operating in other major cities across Kenya to establish the competitive strategies adopted. Similar studies need to also be carried out on firms in the financial industry such as the mortgage companies to ascertain the competitive strategies adopted.

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## **ABBREVIATIONS**

<b>G4S</b>	-	Group 4 Security
<b>KK</b>	-	Kenya Kazi
<b>KSIA</b>	-	Kenya Security Industry Association
<b>MBA</b>	-	Master of Business Administration
<b>PSF</b>	-	Private Security Firms
<b>PSIA</b>	-	Protective Security Industry Association
<b>SPSS</b>	-	Statistical Package for Social Sciences
<b>UoN</b>	-	University of Nairobi

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the study

Private security firms are a major feature in Kenya and around the world. The presence of the security industry is related to a number of factors such as the state of the economy, inequality and provision of adequate and trustworthy state security. A rise in the crime and growth of the private security sector in Kenya is linked to the erosion of state capacities and services that began in the late 1980's and continued to the late 1990's. During this period of economic decline, state expenditure and investment were reduced. The ability of government to deliver security services deteriorated, corruption and fiscal mismanagement continued unabated. As a consequence, crime and the levels of insecurity increased sharply. This increasingly criminalized environment has led to the expansion of the private security sectors of the Kenyan economy (Abrahamsen and Williams, 2005).

The liberalization of the Kenyan economy in the early 1990's led to the relaxation of stringent entry barriers imposed on the importation of security equipment such as alarm transmitters and control room equipments, the requirement that entrepreneurs who needed to start up new security firms had to be vetted by the special branch currently the national security intelligence service. As a consequence of liberalization these entry barriers have been removed and the rate of new entrants accelerated to an estimated about 2000 firms (Abrahamsen and Williams, 2005). According to Mrutu & Sabala (2007) private security firms aim at maximizing profit. Their business opportunities depend on clients' feelings of insecurity. The firms make an important contribution to state security by inexpensively protecting businesses, individuals, embassies and foreign missions, thus enabling prosperity. The industry employs over 300,000 individuals and thus poses a great influence to the state.

With the increasing threat from new entrants incumbent firms that form the formal private security industry and who have been operating in Kenya's weak economic environment have been under serious competitive pressure. According to Abrahamsen and Williams (2005) the factors influencing the proliferation of new entrants have been high crime rates combined with the inability of public security services to provide adequate protection in addition to the low capital required for start up, increasing knowledge and application of entrepreneurial skills together with increasing globalization. As a result of the increase in providers in the

private security competition has been enhanced and firms opting to employ different strategies to outsmart competitors.

### **1.1.1 Competitive Strategies**

Porter (1996) defines competitive strategy as deliberately choosing a different set of activities to deliver a unique mix of value. The activities form the basis of competitive advantage. Pearce & Robinson (2005) argue that business managers evaluate and choose strategies that they think will make their business successful. Businesses become successful because they possess some advantage relative to their competitors. The two most prominent source of competitive advantage can be found in the businesses cost structure and its ability to differentiate the business from competitors. Johnson & Scholes (2001) state that strategy can be seen as a matching of the activities of the organization to the environment in which it operates or can be referred to as the search for a strategic fit. It thus implies that organizations need to adopt strategies that are suitable for the environment a competitive strategy is suitable for a competitive environment.

The environment in which firms operate under are not static, it is characterized by turbulence, its chaotic and highly dynamic and thus not possible to predict what will happen and when it will happen. To ensure survival and success, firms need to develop capability to manage threats and exploit emerging opportunities. This requires formulation of strategies that constantly match capabilities to environmental requirements; success therefore calls for proactive approach to business (Pearce and Robinson 2003). Resource based and environmental models of competitive advantage suggest that firms can obtain sustainable competitive advantage by implementing strategies that exploit their internal strength through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses (Barney, 1991)

Strategy has to do with how a firm relates to its environment. This has to take into account the internal capabilities of the firm in relation to the external opportunities and threats, whether at war or in business, strategy is about winning against a competitor. The success or failure of a strategy will depend on skillful formulation and effective implementation. All successful strategies have some common elements. They are based on profound understanding of the competitive environment and objective appraisal of available resources (Grant, 1998).

Porter (1998) basically views strategy as the essence of formulating competitive strategy to relate a company to environment. He notes that although the relevant environment is very broad, encompassing social and economic forces, the key aspect of the firms' environment is the industry or industries in which it competes. He further explains that there are three generic strategies that firms can employ. These are cost leadership, differentiation and focus strategies applied by a firm and should result in competitive advantage.

### **1.1.2 Private security firms in Mombasa**

The main player in the security industry in Kenya is the Government which has been entrusted by the constitution to protect life and property. The internal security of the country is vested to the office of the President Internal security department which comprises the Kenya Police and Administration Police being the major players, whereas external threats are handled by the armed forces composed of the Kenya Army, Kenya air force and the Kenya Navy which fall under the office of the President Department of Defence. High crime rates and the inability of public security services to provide adequate protection are the main factors driving the expansion of private security in Kenya. The private security firms play a pivotal role in enhancing the security of persons and property in the country. The need for complimenting the service offered by the Government has been necessitated by the increase in the demand for the service and the need to fill the gap that has existed due to inadequate personnel to counter the increased insecurity in the country.

Private security firms take many forms, from supplying a crew of guards to watch over facilities to private bodyguards and electronic surveillance. The main distinction of a private security agency is that it does not receive public funding (Abrahamsen and Williams, 2005).

Private security provision has a long history in Kenya, and companies like KK Security, Security Group and G4S have operated in the country since the 1960's. The main expansion in the sector can be dated to the late 1980's and early 1990's, and the sector appears to be one of the fastest growing sectors in the Kenyan economy. Some 2000 private security companies currently operate in the country, and large sections of the population rely on private providers for their everyday security (Ngugi, et.al, 2004). It is however important to note that no exact number of private security firms is available, the main reason being no special license is

required and security companies are registered in the same manner as any other business. In addition a vast number of companies are not registered at all.

The private security sector is a major source of employment in Kenya, and it is currently employing 48811 people. Given the high dependency ratios in the country, it is further estimated that the industry supports indirectly a total of 195,524 people (Security Research and information centre, 2004). There are two industry associations regulating the members of private security firms in Kenya. They are Kenya Security Industry Association (KSIA) and Protective Security Industry Association (PSIA). KSIA has a membership of 26 private security companies while PSIA has a membership of 64 private security companies majority of which are based in Nairobi. The two industry players mainly seek to provide a platform for exchange of views among stakeholders of the security community in Kenya, they coordinate resources for commercial, professional and public education on security issues, technology and practice and to develop and maintain a professional security industry in Kenya by promoting and sustaining quality standards among its members.

There are a number of private security firms in Mombasa and they vary in size and the range of services they offer. Most companies provide guarding services and some use technology. The large companies offer integrated security solutions; small companies offer only manned guarding. The clients include industries, banks, government agencies, educational institutions, business enterprises and international organizations. There are a number of private security firms in Mombasa the major ones includes K.K Security, G4S, Security group, Securex, Wells Fargo, Guard Force and Winster.

## **1.2 Statement of Research Problem**

Competitive advantage occurs when a firm acquires or develops an attribute or a combination of attributes that allows it to outperform its competitors. Pearce & Robinson (2005) argue that business managers evaluate and choose strategies that they think will make their business successful.

In the recent years there has been an increase in the number of private security firms which has led to stiffening of competition among the firms. Given the intense competition in the industry it is therefore important to study the competitive strategies adopted by private security firms in Mombasa. The increase of private security in Mombasa is necessitated



mainly by the high crime rate and inability of public security services to provide adequate protection coupled with the returns investors expect from their investment. Private security is increasingly recognized as playing an important role in fostering conditions conducive to development, investment and growth, the sector confronts a number of difficult challenges that requires to be studied.

A number of studies have been done in various sectors. Njoroge (2006) carried out a research on competitive strategies adopted by liquefied petroleum gas marketers in Kenya to cope with competition and found out that the major factors influencing competition were price, illegal filling of competitor cylinders and brand loyalty. Muchira (2005) researched on differentiation strategies used by the formal private security industry in Kenya and found out that the most extensively used strategies are product differentiation followed by personnel differentiation respectively. Wambui (2005) researched on operations strategy practices in the private security firms in Kenya and found out that quality is ranked higher than other competitive priorities. Other recent researches on competitive strategies carried out include Swaleh (2007) on competitive strategies adopted by petroleum retail stations in Kenya. Case study of Mombasa city, Wangombe (2007) researched on competitive strategies of Health Maintenance Organizations in Nairobi. Researches on security industry have been done by Muchira (2005) and Wambui (2005) covering formal security firms in Kenya. However, the proposed study therefore will be on competitive strategies by all private security firms in Mombasa and seeks to fill the gap by providing answers to the following research questions: What competitive strategies have private security firms operating in Mombasa adopted to meet the competition in the sector? And what challenges do firms meet in applying competitive strategies?

### **1.3 Research objective**

The study had two research objectives:

- (i) To establish the competitive strategies adopted by private security firms in Mombasa.
- (ii) To establish competitive strategy challenges.

#### **1.4 Importance of the study**

The study will provide vital information to potential investors considering venturing into provision of private security services concerning the current competitive nature of the security industry coupled with challenges facing the industry.

The study is useful to current investors who may use the research findings to get a clearer picture of the nature of competition in the industry and the challenges and thereby aid in formulating enhanced competitive strategies. The study will offer investors assistance in the identification of competitive strategy gaps which they could exploit to improve on their competitiveness.

The study will be useful to other scholars who may use the findings for reference and for the purpose of further research in the field of study as it will contribute significantly to the existing body of knowledge in strategic management.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Concept of Strategy**

There is no single universally accepted definition of strategy. According to Johnson and Scholes (1999) strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration within a changing environment to meet the needs of the market and fulfill stakeholder advantage. According to Newman (1985) strategy focuses on basic long-term direction, is primarily qualitative, provides guidance for preparation of short term plans, is realistic and action oriented and is understood throughout the top and middle levels of the organization. According to Ansoff and McDonnell (1990), strategy aligns the organization with its external environment. Strategy seeks to bridge the gap between current position of the organization to its future intended direction.

Porter (1985) asserts that strategy means what a company does, how it actually positions itself commercially and conducts competitive battle. Porter introduced several new concepts including five forces analysis, generic strategies, the value chain, strategic groups and clusters. Porter's generic strategies encompass the interaction between cost minimization strategies, product differentiation strategy and market focus strategies. Porter challenged managers to see the industry in terms of a value chain and their firms' contribution to the industry's value chain as the success of the firm.

According to Mintzberg (1985) strategy is a plan, ploy, pattern, position and perspective. Mintzberg further affirmed that strategy defines the organizational purpose, goals, priorities, objectives, and deals with the organizational competitive advantage. It also defines the business of an organization in terms of product or market scope. Ansoff (1988) refers strategy as distinctive approaches the firm's uses to succeed. Bennet (1999) refers to them as the critical success factors. Mintzberg and Quinn (1991) observed that strategy itself is really about continuity not change, they also noted that to manage strategy is frequently to manage change to recognize when a shift of a strategic nature is possible, desirable, necessary and then to act.

Porter (1980) argued that a firm's strength can be viewed from two perspectives; cost advantage and differentiation. When a firm applies the two either together or differently, then

three generic strategies can result; cost leadership, differentiation and focus. Johnson and Scholes (2002) noted that management can apply strategy at three levels in the organization; the corporate level concerned with the overall purpose and scope of a firm, the business unit strategy concerned with the competing successfully in particular markets and finally operational strategy concerning how the component parts of the organization deliver effectively the corporate and business level strategies in forms of resources, processes and people.

Thompson et al (2005) explains that developing a strategy requires that an organization's managers appraise its internal and external situations, evaluate the most promising strategy option, and finally select the best strategy and business model. However, it is not easy understanding the environment since it's unpredictable and not static and therefore there is difficulty in integrating the role of uncertainty in strategic decision making.

## **2.2 Environment and Competition in the Service Industry**

Kotler (2000) defines a service as any act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Johnson and Scholes (2002) argue that services are generally high in experience and credence qualities and there is more risk in purchase. First the service customers generally rely on word of mouth rather than advertising Second, they rely heavily on price, personnel and physical cues to judge quality Third, they are highly loyal to service providers who satisfy them. The nature of service makes it necessary for measures such as integrated marketing, external marketing and internal marketing to be undertaken. Security services are largely intangible in nature and hence pose a challenge to the firms providing the services.

Pearce and Robinson (1997) describes environment as causes or factors external to an organization that affects the organizations operations. The organization has little control if any over such factors. The forces affect the organization by posing opportunities and threats to the organization as it endeavors to achieve its objectives. The relevant environment is very broad. However, the aspect of the firms' environment is the industry or industries in which it competes. The external environment is dynamic as it continuously causes new challenges in terms of opportunities and threats. Due to its uncontrollability firms need to adjust to changes by adapting to them in order to succeed.

Kotler (2004) argues that companies can gain a competitive advantage through having better trained people. Personnel differentiation is secured by having a retention policy that attracts high quality staff. Employees that add real value can justify higher prices and can also create strong competitive advantage. Proper management within an appropriate corporate policy is vital as without this the high quality personnel will become frustrated and leave. Kotler (2000) emphasize that various studies have shown that excellently managed service companies share the following common practices. A strategic concept, a history of top management commitment to quality, high standards, systems for monitoring service performance, customer complaints and emphasize on employee satisfaction.

Kotler (2004) further argues that the service outcome and whether or not customers will remain loyal to a particular service provider is influenced by a host of variables. In view of this complexity service marketing requires not only external marketing but also internal and interactive marketing. External marketing describes the normal work to prepare price, distribute and promote the services to customers and internal marketing refers to the work of training and motivating employees to secure customers well.

According to Abrahamsen and Williams ( 2005) private security has a long history in Kenya, and companies like KK security, Factory guards (now security group) and Securicor (now G4S) have operated in the country since the 1960s. The main expansion of the sector can be dated to the late 1980s and early 1990s, and private security companies continue to be one of the fastest growing sectors of the Kenyan economy. The private security firms are highly differentiated and highly competitive. While the leading firms offer a package of advanced, integrated security services, vast majority of companies provide only low-skilled manned guarding services.

Differentiation is recognized within the sector, with some representatives describing a three tier structure at the top a few big firms offering integrated security solutions at a high cost; a larger, middle tier, providing predominantly guarding, but also some use of technology; and then finally, a bottom tier of small, often unregistered companies, offering only manned guarding at very low prices. Nevertheless, guarding remains a significant requirement for most companies, resulting in intense competition as companies from all three tiers may bid for the same contracts. The main market for private security services are commercial clients with the residential market being relatively small (Abrahamsen and Williams, 2005).

### **2.3 Competitive strategy**

Porter (1996) defines competitive strategy as deliberately choosing a different set of activities to deliver a unique mix of value. These activities are the basis of your competitive advantage. Porter (1985) defines three basic sources of competitive advantage. These, which he refers to as generic strategies are cost leadership, differentiation and focus, and they grow fundamentally out of the value a firm is able to create for its buyers. Competitive strategy is defined as a basis on which a business unit might achieve competitive advantage in its market. Firms achieve this competitive advantage by providing their customers with what they want, or need, better or more effectively than competitors and in ways in which their competitors find difficult to imitate (Johnson and Scholes, 2002).

Mintzberg et al (1998) states that competitive strategy is the art of creating or exploiting those advantages that are most telling, enduring and most difficult to duplicate. The problem competitive strategies addresses is not so much how this function can be performed, but how can we perform it either better than, or at least instead of our rivals. Porter (1979) observed the five forces that drive an industry competition to be: The buyers and suppliers through their bargaining power, the threat of substitute products and services and the threat of new entrants. An organization has to undertake a competitive strategy in order to create a defensible position against the competitive forces. Porter further argues that a firm's ability to profit depends on its ability to influence the competitive forces in the industry.

Porter (1985) argues that competitive strategy is about taking offensive and defensive actions to create a defensible position in an industry to cope successfully with the competitive forces and thereby yield superior return on investment for the firm faced with the competitive forces- threat of new entrants, threat of substitute products, rivalry among existing firms, bargaining power of suppliers and buyers- firms have three potentially successful generic strategies they can use to outperform other firms in the industry. The generic strategies are cost leadership, differentiation and focus. Each of the generic strategies involves a fundamentally different route to competitive advantage, combining a choice about the type of competitive advantage sought with the scope of strategic target in which competitive advantage is to be achieved. The cost leadership and differentiation strategies seek competitive advantage in a broad range of industry segments, while focus having a focal point at market segment aiming at low cost and differentiation.

Cost leadership strategy involves the firm winning market share by appealing to cost conscious customers; it calls for being low cost producer in an industry for a given level of quality. This is achieved by having the lowest prices in the target market segment, or at least the lowest price compared to what customers receive. To succeed at offering the lowest price while achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals. A firm may acquire cost advantages by achieving a high asset turnover in the form of production of high volumes of output for manufacturers and thus leading to mean fixed costs being spread over a large number of units of the product or service, resulting in a lower unit cost, the firm therefore, takes advantage of economies of scale and experience curve effects (Porter, 1985).

Firms can achieve lower operating costs by offering high volumes of standardized products, offering no-frills products and limiting customization and personalization of service. Production costs are kept low by using few components, using standard components, and limiting the number of models produced to ensure larger production runs. Overheads are kept low by paying low wages, locating premises in low rent areas and establishing cost conscious culture. Firms can also achieve lower operating costs by controlling the supply chain. This could be achieved by bulk buying to enjoy quantity discounts, bargaining on supplier prices, instituting competitive bidding and adopting vendor managed inventory. For firms to acquire cost advantage, they need to improve process efficiencies, make optimal outsourcing and vertical integration decisions or avoid some costs altogether (Thompson and Strickland, 1998).

Porter (1985) explains that a focus strategy concentrates on a narrow segment and within that segment attempts to achieve a cost advantage or differentiation. The premise is that the needs of a group can be better serviced by focusing entirely on it. A firm using focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. In adopting a narrow focus, the firm ideally focuses on a few target markets. The choice of offering low or differentiated product or services should depend on the needs of the selected segment and the resources and capabilities of the firm. It is anticipated that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target

market. A focused strategy should target market segments that are less vulnerable to substitutes or where a competition is weakest to earn above average return on investment.

Differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. The strategy is appropriate where the target customer segment is not price sensitive, the market is competitive or saturated, customers have very specific needs which are possibly under-served, and the firm has unique resources and capabilities which enable it to satisfy these needs in ways that are difficult to copy.

Johnson and Scholes (1999) expound that a firm's basic choices to achieve competitive advantage includes a "no frills" strategy combining lower prices than competitors at similar added value of product or service to competitors, a low price strategy providing lower prices than competitors at similar added value of product or service to competitors, a differentiation strategy which seeks to provide products or services which are unique from competitors, a hybrid strategy which simultaneously seeks to achieve differentiation while maintaining prices lower than competition and a focused differentiated strategy which aims at providing high perceived value justifying a substantial price premium.

#### **2.4 Competitive strategy challenges**

Kilavuka (2007) stated that private primary schools in Nairobi were faced by challenges when applying competitive strategies. The challenges included internal challenge of the lack of adequate funds needed for the success of cost leadership strategy that required heavy investments and external challenges included limited access to finances and government regulations that was a hindrance to strategy implementation. Mburu (2007) notes that major external factors health care institutions have to grapple with includes economic and demographic trends, regulation, public and private purchase behavior, hospital market characteristics, payment methods, medical technology and labor supply among other factors.

Porter (1985) argues that there are two major risks in pursuing generic strategies, failing to attain or sustain the strategy and for the value of the strategic advantage provided by the



strategy to erode with industry evolution. Thompson (2002) asserts that the environment is important and an organization has to respond to its dynamism, heterogeneity, instability and uncertainty. Organizations exist in a complex commercial, economic, political, technological, cultural and social environment. These environmental changes are more complex to some organizations than others (Miller 1998). For survival, an organization must maintain a strategic fit with the environment.

A low cost strategy can be difficult to implement as a result of other firms may be able to lower their cost as well, as technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage and several firms following a focus strategy and targeting various narrow markets may be able to achieve an even lower cost within their segments and as a group gain significant market share (Porter 1985).

The challenge posed by differentiation strategy includes imitation by competitors and changes in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments (Porter 1985).

The risks inherent in focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly and other focusers may be able to carve out sub-segments that they can serve even better (Porter 1985).

Porter (1985) argues that generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. For example if a firm differentiates itself supplying very high quality products, it risks undermining quality if it seeks to become a cost leader. Even if the quality is not affected, the firm would risk projecting a confusing image. Porter further argued that to be successful over a long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be “stuck in the middle” and will not achieve a competitive advantage. Porter argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units having different policies and even different cultures, a firm is less likely to become “stuck in the middle”.

Porter (1979) observed the five forces that drive an industry competition to be: The buyers and suppliers through their bargaining power, the threat of substitute products and services and the threat of new entrants. Porter further noted that rivalry among competitors as the strongest of the competitive forces. It arises from the maneuvering and jockeying for buyer patronage that goes on among rival sellers of a product or service. It is based on the understanding that the market is a competitive battle field where it is customary and expected that rival sellers will employ whatever resources and weapons they have in their business arsenal to improve their market positions and performance. Peace and Robinson (2000) argue the seriousness of the threat of entry depends on the barriers present and on the reaction from existing competitors that the entrant can expect. The managerial challenge is to craft a competitive strategy that allows the company to hold its own against rivals and generally strengthen the companies standing with buyers, deliver good profitability and produce a competitive edge over rivals.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 The research Design**

The research utilized a descriptive survey study of all private security firms operating in Mombasa aimed at establishing the competitive strategies that management of different security firms use to enhance their performance and the challenges they face.

The survey method has been used to by Mburu (2007), Njoroge (2006) and Lengewa (2003) in carrying out similar studies in Kenya.

### **3.2 Target Population**

There being a limitation in getting a comprehensive listing of all the private security firms operating in Mombasa as a result of lack of a regulatory body mandated to register all the private security firms operating in Mombasa. The population of the study comprised all the 54 private security firms operating in Mombasa that are listed in the official classified yellow pages of the Coast Directory 2010/2011.

A census was considered to be the most appropriate for this study. According to Kothari (1990) when all items are covered, no element of chance is left and highest accuracy is obtained.

### **3.3 Data Collection**

Primary data was collected using a semi-structured questionnaire containing both open and closed ended structured questions. The questionnaire comprised of three parts, Part A covering the firm's background information, Part B covering the competitive strategy and Part C covering competitive strategy challenges- see Appendix 2. The questionnaire was a modified version of one used in a previous study by Mburu (2007) and Mbai (2007). The respondents were the Operations Managers, Marketing Managers or holders of positions with deep understanding of strategic issues in the firms. Drop and pick later method was used to administer questionnaire. Follow up was done via personal visits, telephone calls and emails to facilitate responses and also to enhance the response rate.

### **3.4 Data Analysis**

Once the data was edited for completeness and consistency, Descriptive statistics was used to analyze the data. The data is presented in frequency tables and analyzed through frequency counts, percentages and mean scores. Percentages were computed to determine the distribution of firms across various demographic factors. In order to determine the degree to which various competitive strategies were adopted by the firms, mean scores was also computed. Similarly, mean scores was used to determine the extent to which various challenges of applying competitive strategies were encountered by the firm. Pearsons correlation tests were conducted to identify the correlation between size of firms and the competitive strategies adopted.

## CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

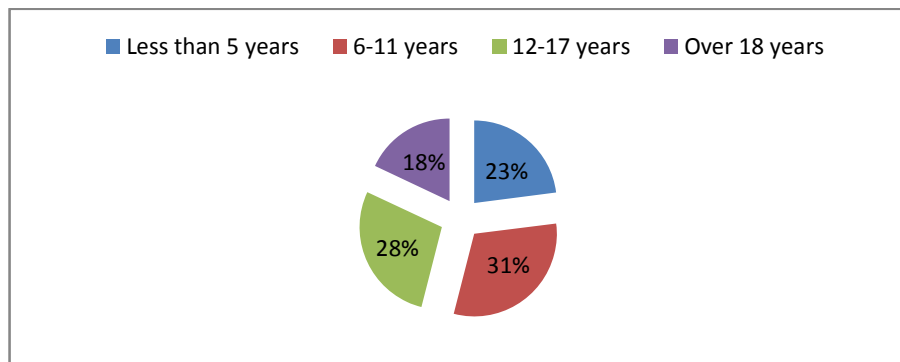
### 4.1 Introduction

This chapter presents the findings of the study on competitive strategies adopted by private security firms in Mombasa. Analysis is done using statistical package for social sciences (SPSS) and Microsoft excel. Data is presented through pie charts, graphs and qualitative description using tables that are categorized and summarized according to common themes. The analysis is based on the study objectives and research questions. The findings presented are from a total of 39 respondents.

### 4.2 Company's age bracket.

When the respondents were asked to indicate their company's age bracket, 23% indicated less than 5 years, 31% indicated 6-11 years, 28% indicated 12-17 years while 18% indicated that they have been operating for more than 18 years. This indicates that most of the security firms have in operation long enough to experience the effects of competitive strategies.

**Fig 4.1: Respondent's company age bracket.**



**Source: field data 2010**

#### 4.2.1 Firm ownership.

When the respondents were asked to indicate the nature of their firm ownership, 10% indicated sole proprietorship, 8% partnership and 82% indicated company.

**Tab 4.1: Respondent's views on firm ownership.**

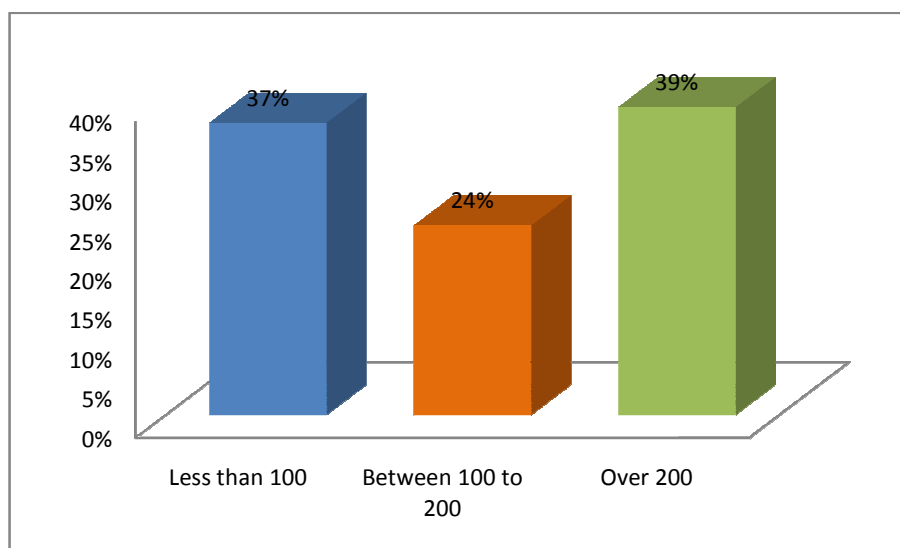
<b>Firm ownership</b>	<b>Percentage</b>
Sole proprietor	10
Partnership	8
company	82
<b>Total</b>	<b>100</b>

**Source: field data 2010**

#### **4.2.2 Number of staff.**

When the respondents were asked to indicate the number of staff they have employed, 37% indicated less than 100, 24% between 100 and 200 while 39% indicated over 200. This indicates that most of the firms are large firms due to their number of employees.

**Fig 4.2: Respondent's views on number of staff.**

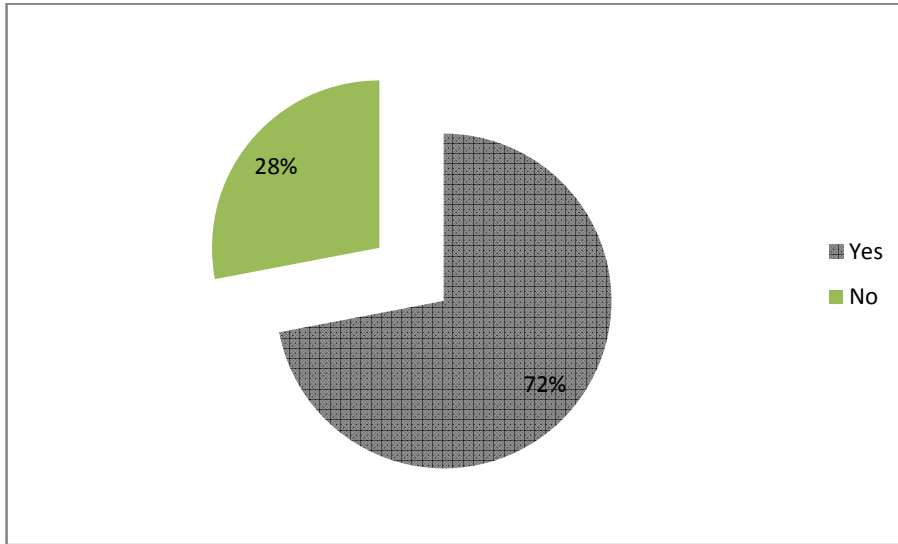


**Source: field data 2010**

#### **4.2.3 Branches outside Mombasa.**

When the respondents were asked to indicate whether they have other branches outside Mombasa, 28% indicated no whereas 72% indicated yes. This shows that most of the firms have diversified.

**Fig 4.3: Respondent’s views on branches outside Mombasa.**



**Source: field data 2010**

**4.2.4 Formal mission and vision statement.**

When the respondents were asked to indicate whether their firm has a formal vision and statement, 97% indicated yes whereas 3% indicated no. The findings indicate that the majority of the firms have a formal mission and vision statement.

**Tab 4.2: Respondent’s views on formal mission and vision statement.**

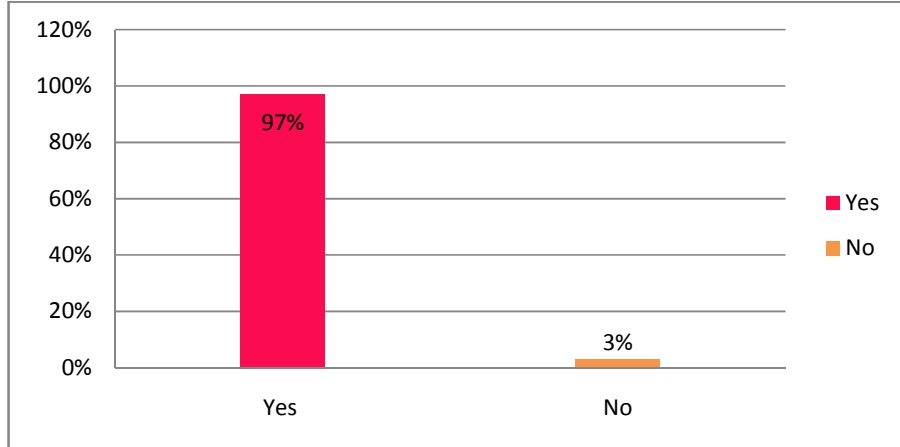
Response	Percentage
Yes	97
No	3
<b>Total</b>	<b>100</b>

**Source: field data 2010**

**4.2.5 Strategic plan.**

When the respondents were asked to indicate whether their firm has a strategic plan, 3% indicated no and 97% indicated yes. These responses indicate that most of the firms are working under a strategic plan.

**Fig 4.4: Respondent's views on strategic plan.**

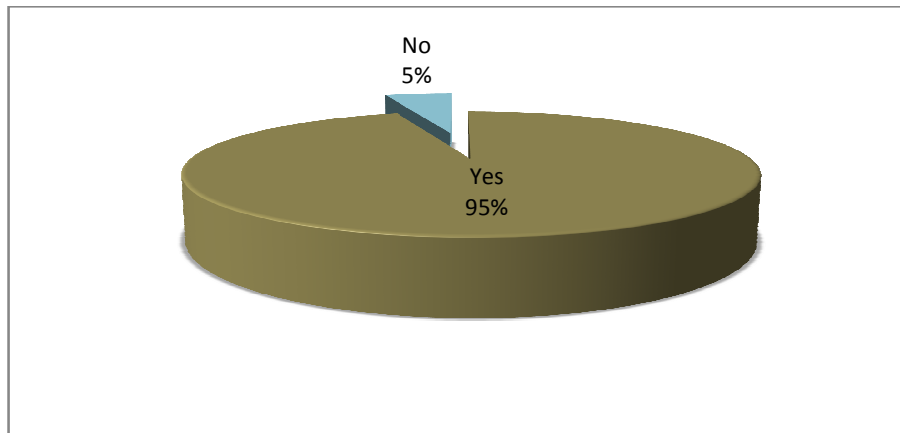


**Source: field data 2010**

#### **4.2.6 Formal written strategic plan.**

When the respondents were asked to indicate whether their firm's strategic plan is formally written, 5% indicated no whereas 95% indicated yes.

**Fig 4.5: Respondent's views on formal written strategic plan.**



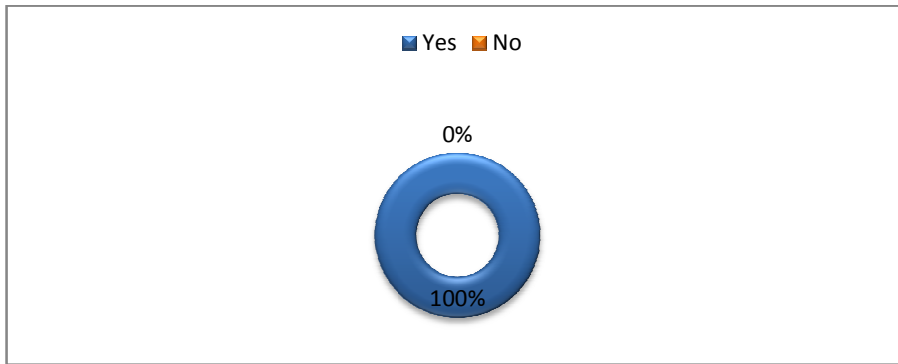
**Source: field data 2010**

#### **4.2.7 Monitoring competitor's strategies.**

When the respondents were asked to indicate if they are monitoring their competitor's strategies, they all indicated yes. This shows that all the companies do monitor their competitors strategies.



**Fig 4.9: Respondent’s monitoring competitor’s strategies.**



**Source: field data 2010**

#### **4.2.9 Maintaining strategies.**

When the respondents were asked to indicate whether they intend to maintain their strategies, 77% indicated yes whereas 23% indicated no.

**Tab 4.6: Respondent’s views maintaining strategies.**

Maintaining strategies	Percentage
Yes	77
No	23
<b>Total</b>	<b>100</b>

**Source: field data 2010**

### **4.3 Competitive strategies**

#### **4.3.1 Cost strategy.**

From the findings it was noted that there exist a lot of disparities with regards to the cost strategies adopted by different sizes of security firms. With small security firms giving more weight on charging lower prices than competitors. The small firms indicated that they allowed negotiation for discounts more than the large and the medium firms, the large firms though incurred high costs to attract and retain skilled staff and to also attract more customers along

side maintaining quality of the services they offered. This is indicated by the different means and standard deviations as shown in table 4.4 below.

**Tab 4.3 Approaches of Cost Strategy**

Approaches	Small security firms		Medium security firms		Large security firms	
	Mean	SDV	Mean	SDV	Mean	SDV
Charging Lower Prices	2.56	0.152	2.31	0.986	1.912	0.369
Negotiating For Discounts	3.23	0.981	2.89	0.998	2.41	0.632
Incurring High Costs To Attract Skilled Staff	1.952	0.667	3.51	0.263	3.69	0.963
Incurring High Costs To Attract More Customers	2.01	0.933	3.24	0.332	3.96	0.695
Incurring High Costs To Maintain Quality Service	1.80	0.558	2.96	0.223	4.01	0.623

**Source: field data 2010**

It appears the small PSF are keen on embracing a low cost strategy as a penetration strategy in order to win new customers while the medium and large PSF are more keen on higher cost strategies aiming at maintaining already existing customers.

When the respondents were asked to indicate the extent to which they had employed a number of aspects as a cost strategy, on charging lower prices than competitors, 8% indicated Not at all, 10% little extent, 69% moderate extent, 8% great extent and 5% indicated very great extent.

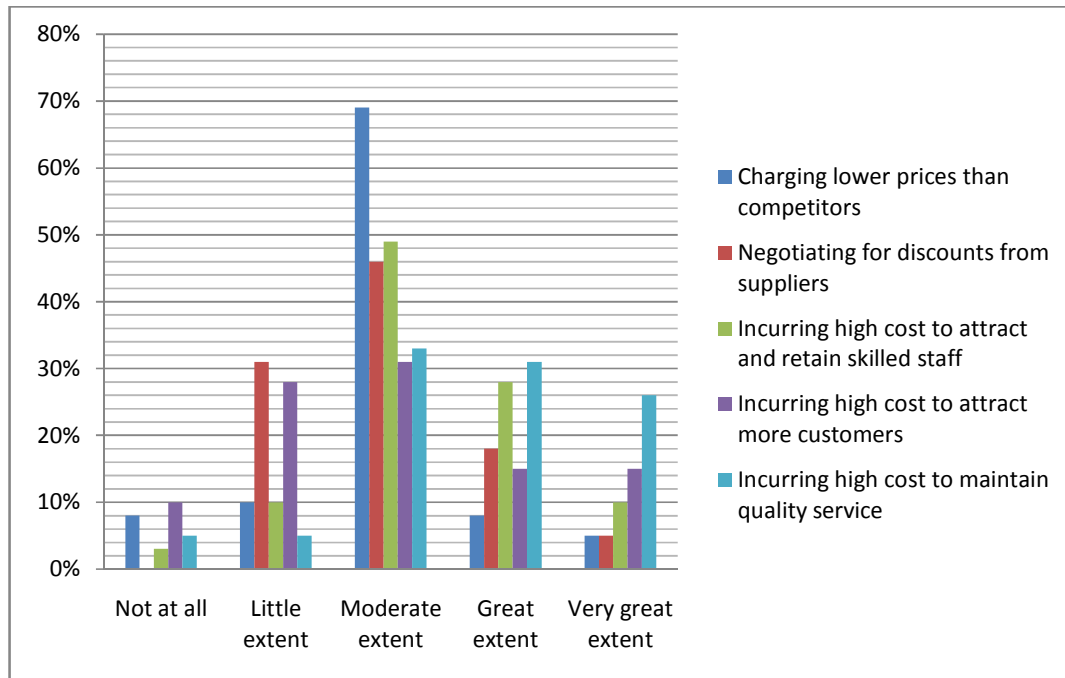
On negotiating for discounts from suppliers, 8% indicated little extent, 25% moderate extent, 40% great extent and 15% indicated very great extent.

On incurring high cost to attract and retain skilled staff, 3% indicated Not at all, 10% little extent, 49% moderate extent, 28% great extent and 10% indicated very great extent.

On incurring high cost to attract more customers, 10% indicated Not at all, 28% little extent, 31% moderate extent, 15% great extent and 15% indicated very great extent.

On incurring high cost to maintain quality service, 5% indicated Not at all, 5% little extent, 33% moderate extent, 31% great extent and 26% indicated very great extent.

**Fig 4.6: Respondent’s views on cost strategy.**



**Source: field data 2010**

The research findings indicates that price is an important aspect in cost strategy, this is in agreement with a research by Muchira (2005) on competitive strategies adopted by petroleum liquified gas marketers which established that price is the major factor influencing competition by petroleum liquified gas marketers alongside illegal filing of gas cylinders and brand loyalty.

**4.3.2 Product differentiation.**

Product differentiation showed disparities in the extent to which the firms adopted this strategy. Large security firms indicated that despite guarding only, they offered a wide range of services such as parcel services, money transportation and others. The large companies did continuous studies on their customers needs than the small and middle companies.

Other issues which were highly practiced by the large firms are, offering important and valuable services, incorporating desired service features into products, most of which they had gathered as a result of customer studies, engagement of high skilled staff, promoting customer loyalty and offering unique products. This is indicated in the table 4.5 below whereby the mean of large security firms is large than the small and medium companies.

**Tab 4.4 Approaches of product differentiation**

Approaches	Small security firms		Medium security firms		Large security firms	
	Mean	SDV	Mean	SDV	Mean	SDV
Offering wide service range	1.93	1.004	2.36	0.839	3.52	0.632
Continuous study customer needs	2.11	0.963	2.96	0.258	3.10	0.322
Offering customers what they consider most Important	3.11	0.112	3.45	0.332	4.11	0.532
Incorporating desired service features into products	2.36	0.321	3.22	0.631	3.64	0.586
Engagement of high skilled staff	1.12	1.005	3.02	0.698	3.86	0.487
Promoting customer loyalty	2.11	0.697	3.23	0.254	3.32	0.963
Offering Unique Product	1.00	0.993	2.44	0.876	3.10	0.357

**Source: field data 2010**

Whereas all the categories of the firms considered offering customers what they consider most important and valuable as the most important approach the second most important approach differed with small firms considering incorporating desired service features into products, the medium PSF having promoting customer loyalty and the large PSF considering engagement of high skilled staff.

Wambui (2005) researched on operations strategy practises in the PSF in Kenya and found out that quality is ranked higher than other competitive priorities, the finding favourably compares to that of the researcher in that firms considered offering customers what they consider most important and valuable as the most important approach. Rational customers aim at getting high quality services at competitive prices.

The findings indicate that the small firms consider incorporating desired features as an important approach in that the firms need to attract new customers in order to grow whereas the medium sized PSF consider promoting customer loyalty so as to retain the already existing customers while the large PSF consider engaging high skilled staff so as to differentiate their services and have a competitive advantage over competitors.

When the respondents were asked to indicate the extent to which they had employed a number of aspects as a product differentiation, on offering a wide range of services 7% indicated Not at all, 15% little extent, 10% moderate extent, 37% great extent and 31% indicated very great extent.

On carrying out continuous study of customers needs, 5% indicated little extent, 16% moderate extent, 51% great extent and 28% indicated very great extent.

On offering customers what they consider most important and valuable, 3% moderate extent, 69% great extent and 28% indicated very great extent.

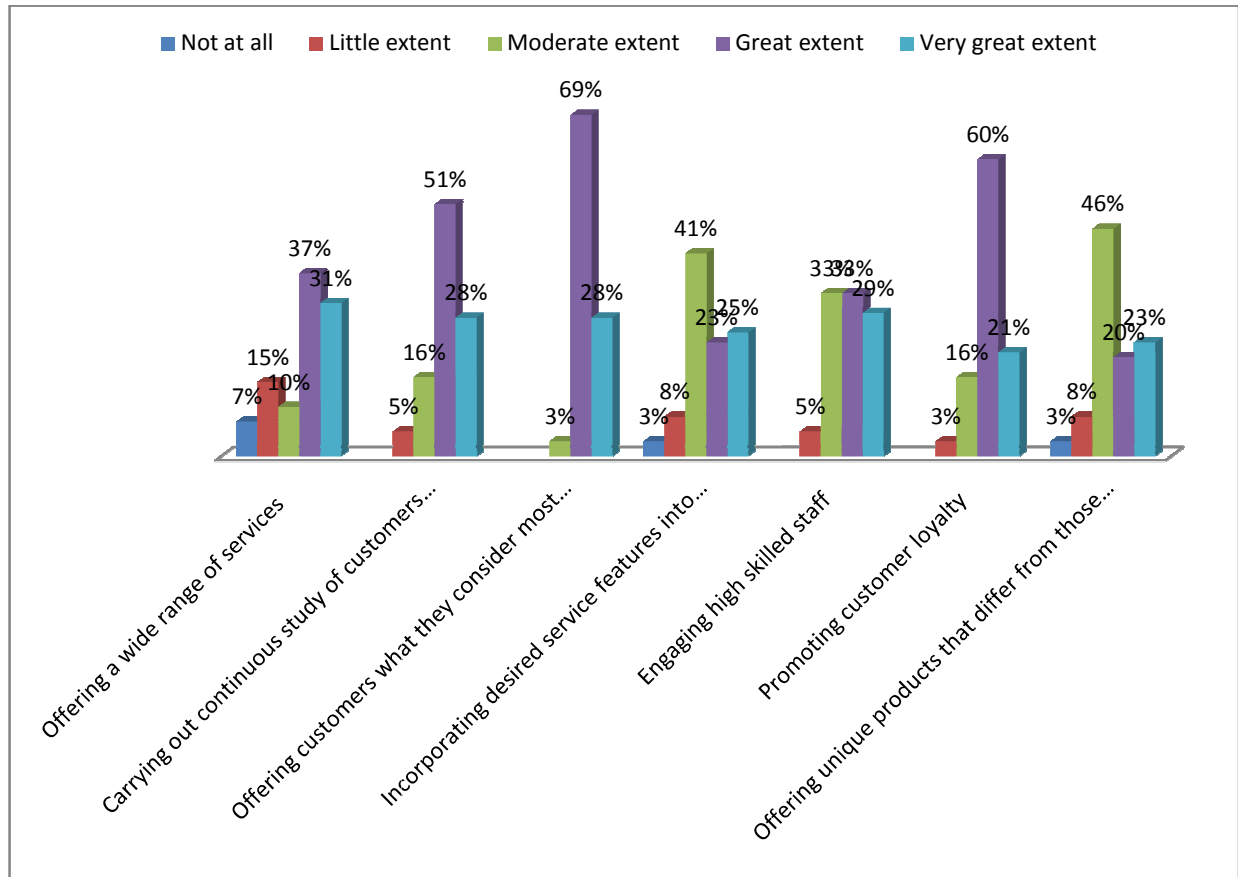
On incorporating desired service features into product, 3% indicated Not at all, 8% little extent, 41% moderate extent, 23% great extent and 25% indicated very great extent.

On engaging high skilled staff, 5% indicated little extent, 33% moderate extent, 33% great extent and 29% indicated very great extent.

On promoting customer loyalty, 3% indicated little extent, 16% moderate extent, 60% great extent and 21% indicated very great extent.

On offering unique products that differ from those of competitors, 3% indicated Not at all, 8% little extent, 46% moderate extent, 20% great extent and 23% indicated very great extent.

**Fig 4.7: Respondent's views on product differentiation.**



**Source: field data 2010**

### 4.3.3 Focus strategy.

Large security firms served customers with special needs more than the small and medium security firms. All the firms had monitored their competitor's strategy but the large firms monitored it more than the small firms. Even though the large firms were doing better than the small and medium firms, they were not intending to maintain the same strategy the same applied to both the small and medium firms. Large firms had more intentions to service a target market more than the small and medium firms though it incurred a higher cost in maintaining the quality of their services.

**Tab 4.5 Approaches of focus strategy**

Approaches	Small security firms		Medium security firms		Large security firms	
	Mean	SDV	Mean	SDV	Mean	SDV
Servicing a targeted market	1.87	0.861	3.56	0.372	4.01	0.691
Offering different products to different geographical areas	2.54	0.189	2.69	0.781	3.58	0.392
Outsourcing support staff	1.562	1.003	2.56	0.996	3.00	0.365
Serving Customers With Special Needs	2.67	0.331	3.14	0.895	3.59	0.257

**Source: field data 2010**

The respondents indicated that large security firms and medium PSF have adopted servicing a targeted market, servicing customers needs, offering different products to different geographical areas and outsourcing support staff respectively with the large firms displaying greater extent of adoption of the focus approaches compared to the small and medium PSF.

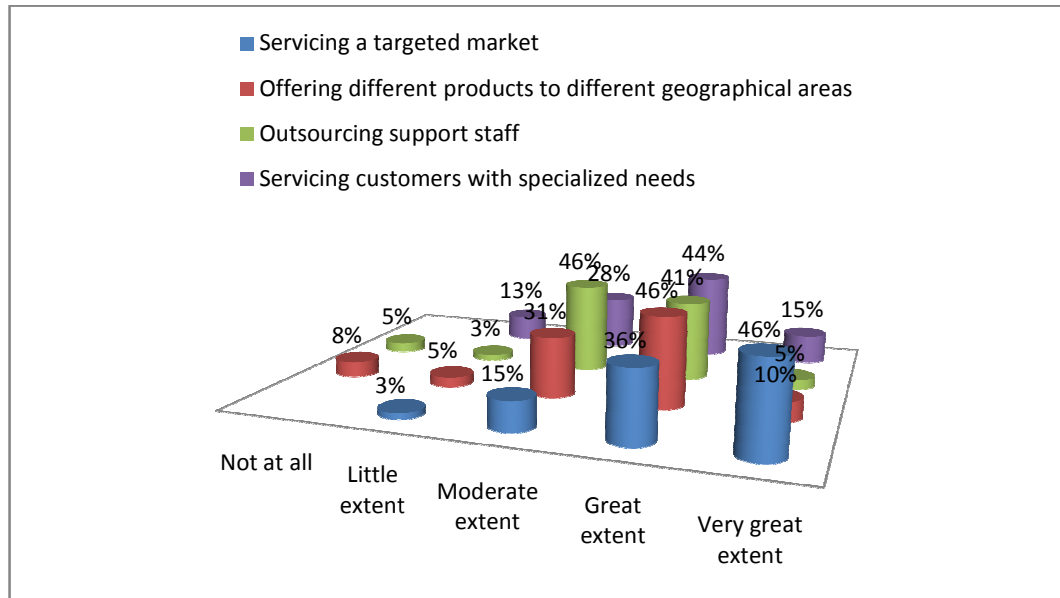
When the respondents were asked to indicate the extent to which they had employed a number of focus strategy aspects, the response was; on servicing a targeted market, 3% indicated little extent, 15% moderate extent, 36% great extent and 46% indicated very great extent.

On offering different products to different geographical areas, 8% indicated No extent, 5% little extent, 31% moderate extent, 46% great extent and 10% indicated very great extent.

On outsourcing support staff, 5% indicated No extent, 3% little extent, 46% moderate extent, 41% great extent and 5% indicated very great extent.

On servicing customers with specialized needs, 13% indicated little extent, 28% moderate extent, 44% great extent and 15% indicated very great extent.

**Fig 4.8: Respondent's views on focus strategy.**



**Source: field data 2010**

#### **4.3.4 Bivariate Correlation between firm size and strategy adopted**

The main result of a correlation is called the correlation coefficient (or "r"). It ranges from -1.0 to +1.0. The closer r is to +1 or -1, the more closely the two variables are related. If r is close to 0, it means there is no relationship between the variables. If r is positive, it means that as one variable gets large the other gets larger. If r is negative it means that as one gets larger, the other gets smaller (often called an "inverse" correlation).

The total number of respondents in this study as indicated by the N values was 39 this. The correlation was significant as it had a p value of less than 0.05. The correlation between the firm size and the competitive strategies adopted by the firm is 0.596 this indicates that the firm size influences the competitive strategies.

**Tab 4.12: Bivariate correlation between firm size and competitive strategy adopted**

Correlation (r)	N	Significance
0.596	39	0.002

**Source: Field data 2010**



#### 4.4 Challenges of competitive strategies by private security firms.

All of the security firms faced challenges but the extent to which the categories faced these challenges was different. High cost of maintaining quality service, attracting more customers, imitation by other firms, and increased number of competitors was more prevalent with large firms than the small and the middle sized firms. In order to maintain a high quality of service, the large firms had the challenge of huge financial requirements.

All the firms had a hard time coping with Unpredictable Government Policies such as salary adjustments. Meeting these conditions proved very challenging more especially in small firms which had to comply with the requirements which are very expensive to impliment. Rapid changes in customer needs affected all the firms but small firms were more affected than the large and medium firms. Technological factors and product differentiation mostly affected the small firms than the large and the middle firms as technology is expensive and they had a little to offer. Large firms were mostly affected with the interest rate and inflation as they had made huge investment. This is indicated by the mean differences in table 4.7 below.

**Tab 4.7 Challenges of competitive strategies**

Challenges	Small security firms		Medium security firms		Large security firms	
	Mean	SDV	Mean	SDV	Mean	SDV
High Cost Maintaining Quality Service	1.93	1.004	2.36	0.632	3.52	0.839
Attracting Many Customers	2.11	0.321	2.96	0.258	3.10	0.322
Imitation By Other Firms	2.11	0.162	3.48	0.337	4.42	0.567
Increase in Number Of Competitors	2.36	0.963	3.22	0.631	3.64	0.586
Meeting Conditions Set By Industry regulators	1.12	1.005	3.02	0.698	3.86	0.487
Huge Financial Requirements	2.51	0.667	3.23	0.254	3.32	0.963
Inability To Differentiate Services	2.56	0.152	2.31	.986	1.912	.369
Unpredictable Government Policies	3.23	0.981	2.89	0.998	2.41	0.632
Meeting Government Conditions	3.952	0.667	3.51	0.263	2.69	0.963
Rapid Changes In Customer Needs	2.01	0.933	3.24	0.332	3.96	0.695
Technological factors	3.80	0.558	2.96	0.223	2.01	0.623
Inflation and Interest rate changes	1.00	0.993	2.44	0.876	3.10	0.357

**Source: field data 2010**

The research findings concurs with that of Mburu (2007) and Kilavuka (2007). Mburu (2007) established that the major external factors health care institutions have to grapple with includes regulation. Kilavuka (2007) established that private primary schools in Nairobi were faced by government regulations as a challenge in strategy implementation.

The respondents indicated that the most critical challenges of competitive strategies are meeting government conditions, imitation by other firms, increase in number of competitors, rapid changes in customer needs huge financial requirements and technological factors respectively.

The least critical challenges are inflation and interest rate changes, inability to differentiate services, high cost of maintaining quality services, meeting conditions set by industry regulators, attracting many customers and unpredictable government policy respectively.

When the respondents were asked to indicate the extent to which they face challenges on a number of aspects when implementing competitive strategies, on high cost of maintaining quality service, 5% indicated little extent, 16% moderate extent, 45% great extent and 34% indicated very great extent.

#### 4.4.1 High cost of maintaining quality service.

**Fig 4.10: Respondent’s views on high cost of maintaining quality service.**

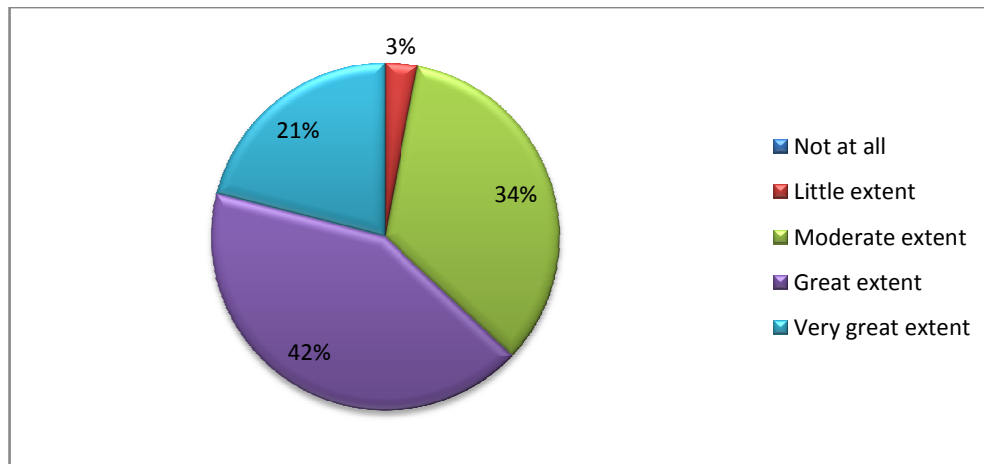


**Source: field data 2010**

#### 4.4.2 Attracting a large number of customers.

When the respondents were asked to indicate the extent of attracting a large number of customers as a competitive strategy challenge, 3% indicated little extent, 34% moderate extent, 42% great extent and 21% indicated very great extent.

**Fig 4.11: Respondent’s views on attracting a large number of customers.**



**Source: field data 2010**

#### 4.4.3 Imitation by other private security firms.

When the respondents were asked to indicate the extent of challenge they face on imitation by other private security firms in competitive strategies implementation, 8% indicated not at all, 5% little extent, 41% moderate extent, 38% great extent and 8% indicated very great extent.

**Tab 4.8: Respondent’s views on imitation by other private security firms.**

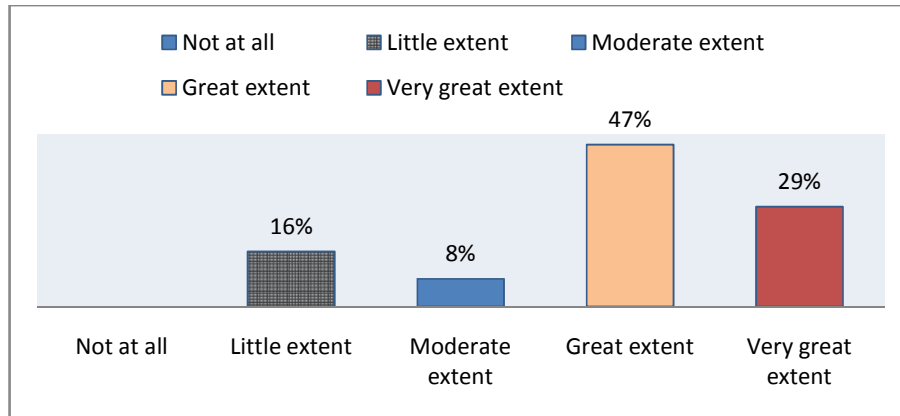
Extent	Percentage
Not at all	8
Little extent	5
Moderate extent	41
Great extent	38
Very great extent	8
<b>Total</b>	<b>100</b>

**Source: field data 2010**

#### 4.4.4 Increase in number of competitors.

When the respondents were asked to indicate the competitive strategy implementation challenge extent in increase in number of competitors, 16% indicated little extent, 8% moderate extent, 47% great extent and 29% very great extent.

**Fig 4.12: Respondent's views on increase in number of competitors.**

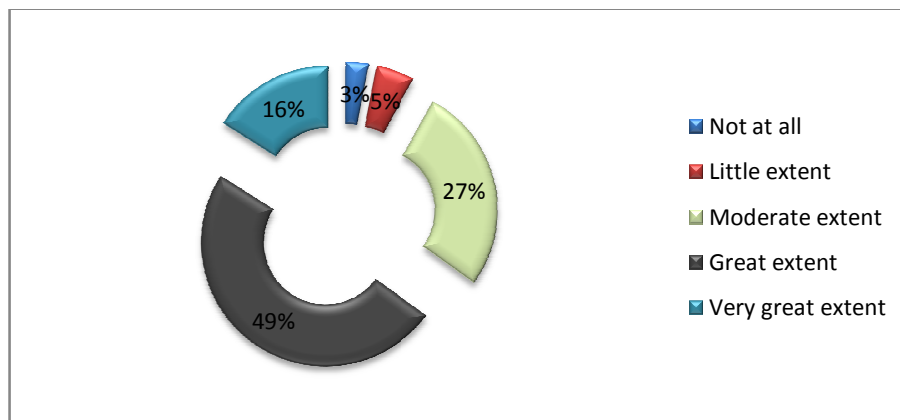


Source: field data 2010

#### 4.4.5 Meeting conditions set by industry regulators.

When the respondents were asked to indicate the extent on challenges they face when meeting conditions set by industry regulators as a competitive strategy, 3% indicated not at all, 5% little extent, 27% moderate extent, 49% great extent and 16% indicated very great extent.

**Fig 4.13: Respondent's views on meeting conditions set by industry regulators.**



Source: field data 2010

#### 4.4.6 Huge financial requirements.

When the respondents were asked to indicate the extent of challenge they face in huge financial requirements as a competitive strategy implementation, 5% indicated not at all, 8% little extent, 14% moderate extent, 46% great extent and 27% indicated very great extent.

**Tab 4.9: Respondent's views on huge financial requirements.**

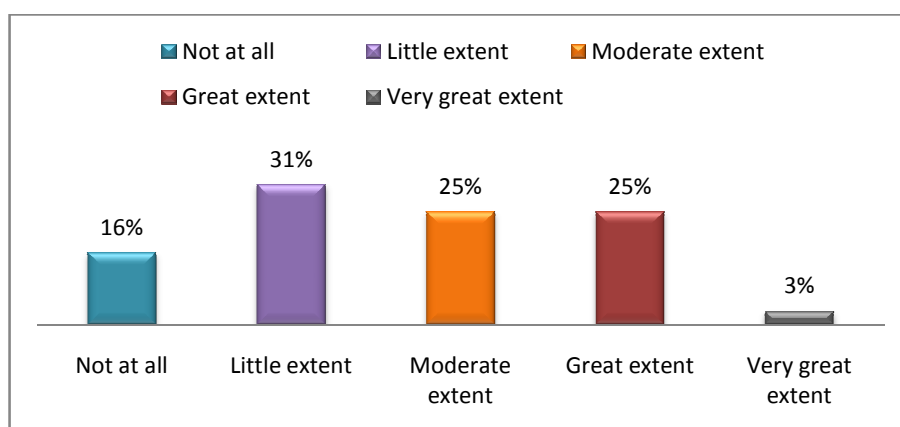
Extent	Percentage
Not at all	5
Little extent	8
Moderate extent	14
Great extent	46
Very great extent	27
<b>Total</b>	<b>100</b>

Source: field data 2010

#### 4.4.7 Inability to differentiate services.

When the respondents were asked to indicate inability to differentiate services challenge extent in competitive strategy implementation, 16% indicated not at all, 31% little extent, 25% moderate extent, 25% great extent and 3% indicated very great extent.

**Fig 4.14: Respondent's views on inability to differentiate services**

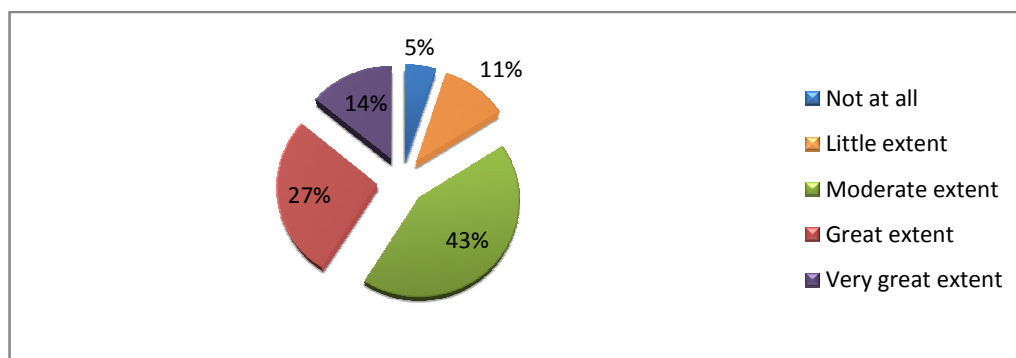


Source: field data 2010

#### 4.4.8 Unpredictable government policies and regulations.

When the respondents were asked to indicate the extent of challenge they face while implementing unpredictable government policies and regulations as a competitive strategy, 5% indicated not all, 11% little extent, 43% moderate extent, 27% great extent and 14% indicated very great extent.

**Fig 4.15: Respondent’s views on unpredictable government policies and regulations.**



**Source: field data 2010**

#### 4.4.9 Meeting and maintaining government conditions.

When the respondents were asked to indicate the extent of implementing the meeting and maintaining government conditions challenges as a competitive strategy, 3% indicated not at all, 11% little extent, 50% moderate extent, 25% great extent and 11% indicated very great extent.

**Tab 4.10: Respondent’s views on meeting and maintaining government conditions.**

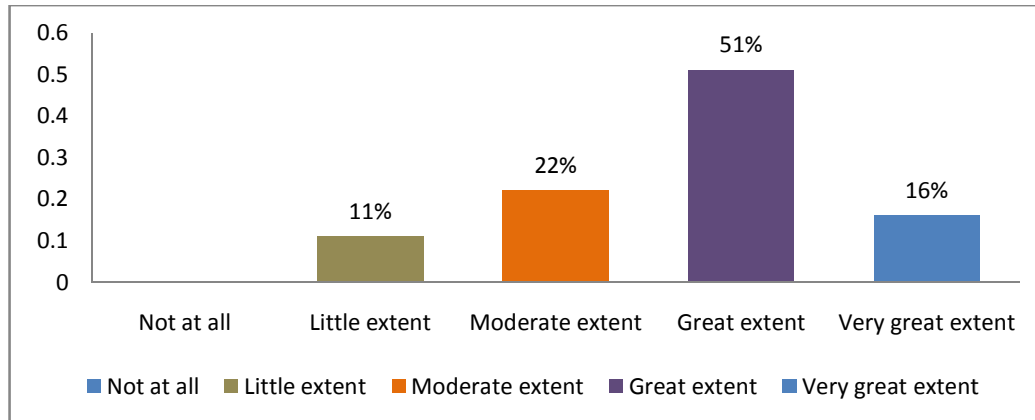
Extent	Percentage
Not at all	3
Little extent	11
Moderate extent	50
Great extent	25
Very great extent	11
<b>Total</b>	<b>100</b>

**Source: field data 2010**

#### 4.4.10 Rapid changes in customer needs.

When the respondents were asked to indicate rapid changes in customer needs challenge extent in competitive strategy implementation, 11% indicated little extent, 22% moderate extent, 51% great extent and 16% indicated very great extent.

**Fig 4.16: Respondent's views on rapid changes in customer needs**

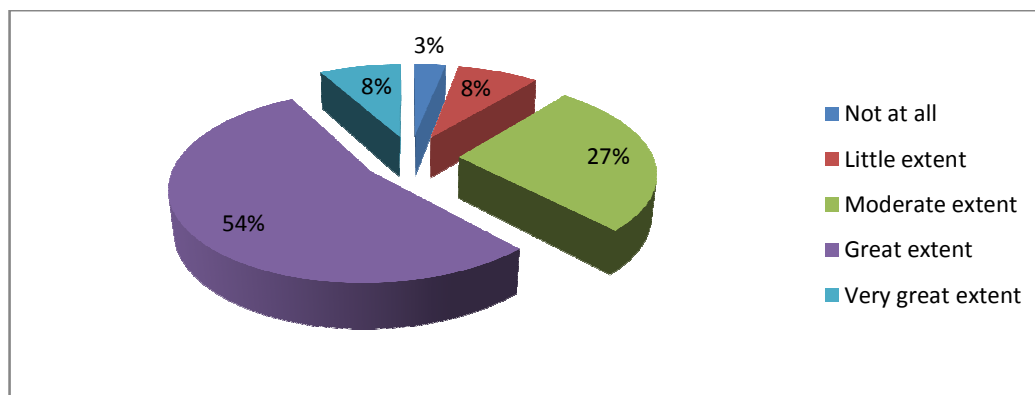


Source: field data 2010

#### 4.4.11 Technological factors.

**Fig 4.17: Respondent's views on technological factors.**

When the respondents were asked to indicate the extent on challenges they face in implementing technological factors as a competitive strategy, 3% indicated not at all, 8% little extent, 27% moderate extent, 54% great extent and 8% indicated very great extent.



Source: field data 2010

#### 4.4.12 Inflation and interest rates changes.

When the respondents were asked to indicate the extent of challenge they face in inflation and interest rates changes as implementation of competitive strategy, 6% indicated not at all, 28% little extent, 36% moderate extent, 22% great extent and 8% indicated very great extent.

**Tab 4.11: Respondent's views on technological factors.**

<b>Extent</b>	<b>Percentage</b>
Not at all	6
Little extent	28
Moderate extent	36
Great extent	22
Very great extent	8
<b>Total</b>	<b>100</b>

**Source: Field data 2010**

Other challenges the PSF were faced with includes the implementation of set minimum wages, delayed payments by the customers, expensive acquisition of new technology is a major challenge mainly for the small PSF, mushrooming of small PSF that do not conform to regulations and charge very low prices and companies using similar names that can easily confuse customers.



## **CHAPTER FIVE: SUMMARY, CONCLUSIONS & RECOMMENDATIONS**

### **5.0 Introduction**

This chapter presents a summary of the findings and limitations of the study as regards to the main objectives of the study. Based on these findings the conclusions were drawn and recommendations on the way forward made. The main objective of this study was to establish the competitive strategies adopted by private security firms in Mombasa.

### **5.1 Summary of Findings**

Some of the cost strategy strategies adopted were on charging lower prices than competitors, negotiating for discounts from suppliers, incurring high cost to attract and retain skilled staff, incurring high cost to attract more customers and incurring high cost to maintain quality service, the small firms according to the research favoured a low cost strategy with emphasis on negotiating for discounts from suppliers and charging lower prices than competitors.

The medium and large PSF favoured a high cost strategy aiming at improving quality of the services offered and retaining already existing customers. On aggregate the most critical approaches in order of importance are incurring high cost to attract more customers, incurring high cost to attract and retain skilled staff, incurring high cost to maintain quality service, negotiating for discounts from suppliers and finally charging lower prices than competitors.

The study established the differentiation strategies approaches perceived most important as offering customers what they consider most important and valuable, incorporating desired service features into product, promoting customer loyalty, carrying out continuous study of customers needs, engaging high skilled staff, offering a wide range of services and the least important being offering unique products that differ from those of competitors. However, different sized firms have a differing view on the rankings.

The PSF consider servicing a targeted market, servicing customers with special needs, offering different products to different geographical areas and outsourcing support staff in that order of importance starting with the most important.

PSF have encountered a number of challenges in adopting competitive strategies, they include in order of importance meeting government conditions, imitation by other firms, increase in

number of competitors, rapid changes in customer needs, huge financial requirements, technological factors, unpredictable government policy, attracting more customers, meeting conditions set by industry regulators, high cost of maintaining quality service, inability to differentiate services and finally inflation and interest rates changes

There exists a positive correlation between the firm size and the competitive strategies adopted by the firm this indicates that the firm size influences the competitive strategies adopted the private security firms.

## **5.2 Conclusions**

From the study it was concluded that all security firms operating in Mombasa have adopted competitive strategies. It was also concluded that choice of competitive strategies is determined mainly by the firm size and the need to either attract new customers or build customer loyalty of the already existing customers by offering them what they consider most important and valuable. The small sized firms favoured a low cost strategy with the medium and larged sized firms favouring the adoption of differentiation and focus strategy.

The major challenges faced by the security firms are meeting government conditions, imitation by other firms, increase in number of competitors, rapid changes in customer needs, huge financial requirements and technological factors respectively.

## **5.3 Limitations of the study**

The study anticipated the likelihood of respondents not giving information considered sensitive and internal to a PSF. However, as a mitigation strategy, the researcher assured respondents of data confidentiality and this was achieved by not obliging them to provide position held or their names on the data collection instruments and by also assuring them that the data collected will be used solely for academic purpose.

The respondents were expected to be the Operations Managers, Marketing Managers or holders of positions with deep understanding of strategic issues. However, in some firms the holders of the positions seemed not very conversant with the firms competitive strategy issues or were unwilling to fill the questionnaire citing busy schedules or secrecy.

#### **5.4 Recommendations for further research**

Further research should be carried on private security firms operating in other major cities across Kenya to establish the competitive strategies adopted. Similar studies need to also be carried out on firms in the financial industry such as the mortgage companies to ascertain the competitive strategies adopted.

#### **5.5 Recommendation for policy and practice**

Private security firms are faced with stiffening competition and in order to be successful and sustainable in the industry it is recommended that the firms need to develop a strong competitive advantage, this can be achieved by the PSF developing a retention policy that attracts and retains high quality staff who are skilled and capable of providing professional services to the demanding and quality conscious customers.

Investors wishing to venture in the private security business should adopt an appropriate policy which will ensure the following important ingredients; management commitment to quality, high standard systems for monitoring service performance, customer complaints and emphasis on employee satisfaction are factored into their plans so as to be competitive.

The findings on the challenges of competitive strategies may be used by the current and potential investors intending to venture into the provision of private security services in order to develop policies that take into account the inherent challenges. The Government can also use the findings to develop suitable policies that favour the development of the PSF so as to be more effective in complimenting the provision of security services.

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## **Appendix 1: Letter of Introduction**

## Appendix 2: Questionnaire

### QUESTIONNAIRE

#### PART A GENERAL INFORMATION

1. Your name \_\_\_\_\_ (*Optional*)
2. Your Position \_\_\_\_\_ (*Optional*)
3. Name of your company \_\_\_\_\_
4. Using the categories below, please indicate the age bracket in which your company falls (*Please tick one*)

Less than 5 years ( )    6 – 11 years ( )

12 – 17 year ( )    18 years and over ( )

5. Using the categories below, please indicate the ownership of your firm (*Please tick one*)

Sole proprietor ( )    Partnership ( )

Company ( )

6. Please indicate the number of staff you employ (*Please tick one*)

Less than 100 ( )    Between 101 – 200 ( )

Over 201 ( )



7. Does your firm have other branches outside Mombasa?

Yes ( )

No ( )

## **PART B COMPETITIVE STRATEGIES**

8. Does your firm have a formal mission and vision statement? (*Please tick one*)

Yes ( )

No ( )

9. a) Does your firm have a strategic plan? (*Please tick one*)

Yes ( )

No ( )

b) Is it formally written?

Yes ( )

No ( )

10. To what extent does your firm employ the following approaches? (*Tick appropriate response*)

**(i) Cost Strategy.**

No.	Approaches	Very Great Extent (5)	Great Extent (4)	Moderate Extent (3)	Little Extent (2)	Not at all (1)
i.	Charging lower prices than competitors					
ii.	Negotiating for discounts from suppliers					
iii.	Incurring high cost to attract and retain skilled staff					
iv.	Incurring high cost to attract more customers					
v.	Incurring high cost to maintain quality service					

**(ii) Product Differentiation.**

No.	Approaches	Very Great Extent (5)	Great Extent (4)	Moderate Extent (3)	Little Extent (2)	Not at all (1)
i.	Offering a wide range of services					
ii.	Carrying out continuous study of customers needs					
iii.	Offering customers what they consider most important and valuable					
iv.	Incorporating desired service features into products					
v.	Engaging high skilled staff					
vi.	Promoting customer loyalty					
vii.	Offer unique products that differ from those of competitors					

**(iii) Focus Strategy.**

No.	Approaches	Very Great Extent (5)	Great Extent (4)	Moderate Extent (3)	Little Extent (2)	Not at all (1)
i.	Servicing a targeted market					
ii.	Offering different products to different geographical areas					
iii.	Outsourcing support staff					
iv.	Servicing customers with specialized needs					

11. Do you monitor your competitors strategies(*Tick appropriate response*)

Yes ( )                      No ( )

12. (a) Do you intend to maintain the same strategies? (*Tick appropriate response*)

Yes ( )                      No ( )

(b) Reason?

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**PART C COMPETITIVE STRATEGY CHALLENGES**

13. (i) To what extent do you face the following challenges when implementing competitive strategies? (*Tick appropriate response*)

<b>No.</b>	<b>Challenges</b>	<b>Very Great Extent  (5)</b>	<b>Great Extent  (4)</b>	<b>Moderate Extent  (3)</b>	<b>Little Extent  (2)</b>	<b>Not at All  (1)</b>
a.	High cost of maintaining quality service					
b.	Attracting a large number of customers					
c.	Imitation by other private security firms					
d.	Increase in number of competitors					
e.	Meeting conditions set by industry regulators					
f.	Huge financial requirements					
g.	Inability to differentiate services					
h.	Unpredictable government policies and regulations					
i.	Meeting and maintaining government conditions					
j.	Rapid changes in customer needs					
k.	Technological factors					
l.	Inflation and interest rates changes					

(ii) Any other challenges?

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## **Appendix 3**

### **LIST OF SECURITY COMPANIES IN MOMBASA**

1. ACCESS SECURITY SERVICES
2. ACTFAST SECURITY LIMITED
3. AGORO SERVICES
4. ALINA SECURITY SERVICES LTD
5. ALPHA GUARDS SERVICES
6. AROME SECURITY GUARDS
7. ARROW NINJA SERVICES LTD
8. BLUE EYE VIGILANT LTD
9. BOB MORGAN SERVICES LTD
10. CAPTAIN & CAPTAIN SERVICES LTD
11. CITY GUARDS LTD
12. COAST GUARD SERVICES LTD
13. COAST SECURITY SERVICES
14. DELFY SECURITY SERVICES
15. DIGITAL SECURITY SERVICES
16. EXCELLENT SECURITY SERVICES
17. FOLHOZA GENERAL SERVICES
18. GASPER WALELE (HSC)
19. G4S SECURITY SOLUTIONS
20. HATARI SECURITY GUARDS LTD
21. KALI SECURITY (M)
22. KK SECURITY
23. KROO WATCH & KEEP SERVICES LTD
24. LAMU SECURITY GUARDS
25. LUMWA SECURITY SERVICES LTD
26. METRIC SECURITY GUARDS LTD
27. MONTRAX SECURITY LTD
28. NORTHWOOD SECURITY SERVICES LTD
29. NYATI SECURITY GUARDS SERVICES LTD
30. OSTRICH SECURITY SERVICES
31. PATRIOTIC GUARDS LTD
32. PEFAMI SECURITY SERVICE
33. PERFECT SCAN SECURITY LTD
34. RADAR SECURITY LTD
35. REAL TRUST SECURITY SERVICES
36. RED MAMBA AGENCIES LTD
37. RILEY SERVICES LTD
38. SEMANJE GUARDS LTD
39. SECURITY GROUP (MSA) LTD

40. SHAZA SECURITY SERVICES
41. SILVERSANDS SECURITY SERVICES
42. STANFORD SECURITY LTD
43. TABURA SECURITY AGENCY (K) LTD
44. TEFACO SECURITY
45. TEXAS ALARMS KENYA LTD
46. TIGER HOMES & SECURITY SERVICES
47. TORCH SECURITY SERVICES
48. TOTAL SECURITY SERVICES
49. TOTAL SECURITY SURVEILLANCE LTD
50. WELLS FARGO & FARGO COURIER LTD
51. WINSTER SECURITY GUARDS LTD
52. WITEROSE SECURITY CONSULTANTS (K) LTD
53. WYKEM SECURITY CONSULTANTS (K) LTD
54. YUASA SECURITY SERVICES LTD