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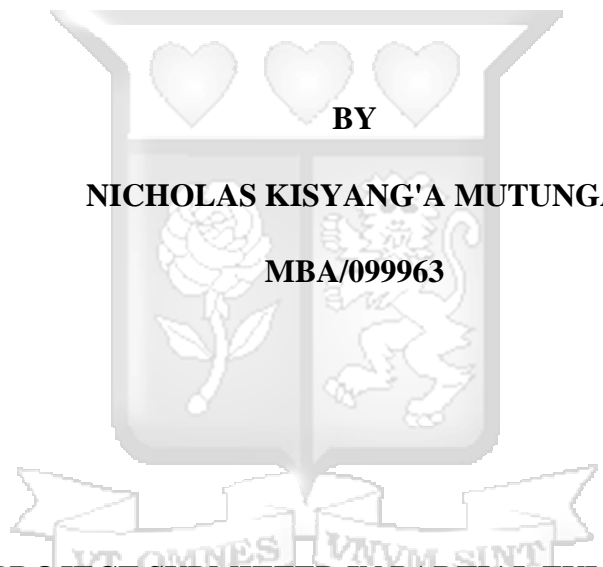
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**THE EXTENT TO WHICH COMPETITIVE STRATEGIES INFLUENCE
COMPETITIVE ADVANTAGE OF PRIVATE SECURITY FIRMS IN NAIROBI
COUNTY**



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MBA/099963

**RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF
BUSINESS ADMINISTRATION OF STRATHMORE UNIVERSITY**

NOVEMBER 2021

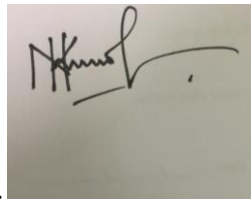
DECLARATION

CANDIDATE

I declare that this research project is my original work and confirm that it has never been presented to any university, college or institution of higher learning for the award of Degree, Diploma or Certificate or for any other academic purposes or examination.

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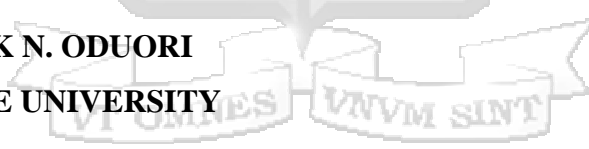



Signature..... Date.....8th November, 2021.

SUPERVISOR

I confirm that, as the University Supervisor, I have approved this research project to be submitted for examination.

DR. FREDRICK N. ODUORI
STRATHMORE UNIVERSITY



Signature... Date.....8th November, 2021.

ABSTRACT

The main aim of this study was to examine the extent to which competitive strategies influence competitive advantage of Private Security Firms in Nairobi County. The specific objectives of the study were to establish the extent to which cost leadership strategy influences competitive advantage of private security firms in Nairobi County, assess the extent to which differentiation strategy influences competitive advantage of private security firms in Nairobi County and to determine the extent to which focus strategy influences competitive advantage of private security firms in Nairobi County. The study was based on the Porter's competitive theory and the Resource-based view. Descriptive research design was applied in the study. The target population was 71 Private Security Firms in Nairobi County. The study used census method, which applied statistical enumeration whereby all the 71 firms were considered. The study utilized a questionnaire as the instrument of data collection. The researcher used descriptive statistics such as the mean and standard deviation to present the collected data. Statistical Package for Social Sciences (SPSS) software version 24 was utilized to get the output of the collected data. Further, the study applied inferential statistics such as multiple regression analysis to establish the relationship between competitive strategies and competitive advantage. Correlation analysis was used to determine the relationship between the dependent and independent variables. The study found that there was a significant and a positive association between cost leadership strategy and competitive advantage. Further, the study found that most of the firms have devised ways through which they can differentiate their services in order to have a reputation of offering the best services as compared to other firms in the sector. Additionally, the study found that firms targeted a particular market segment with specific products of high quality and which are appealing to the customers. The study concluded that there was a significant positive association between cost leadership strategy, differentiation strategy and focus strategy; and competitive advantage. It was recommended that the firms should adopt strategies that propel them towards achieving competitive advantage and an edge over their competitors. Since the study focussed on major PSFs in Nairobi County, further study on competitive strategies and their impact on competitive advantage of the small PSFs in Kenya is recommended.

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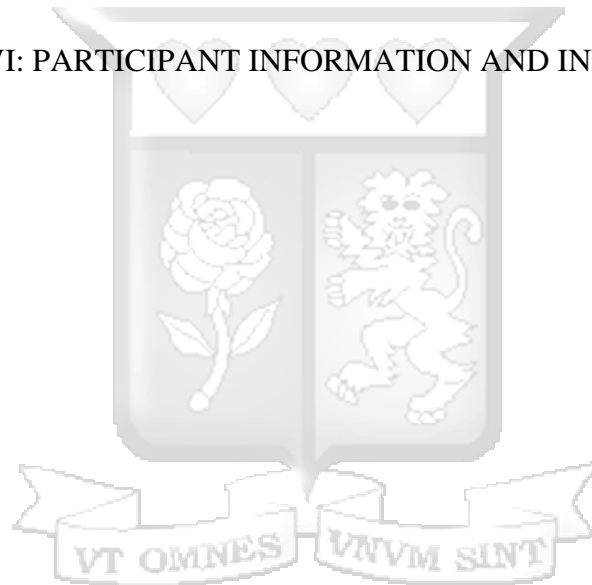
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ABBREVIATIONS

CEO	Chief Executive Officer
ISO	International Organization for Standardization
KSIA	Kenya Security Industry Association
NCBD	Nairobi Central Business District
NIS	National Intelligence Service
PSFs	Private Security Firms
PSIA	Private Security Industry Association
PSRA	Private Security Regulatory Authority
RBV	Resource Based View
R & D	Research & Development
SCA	Sustainable Competitive Advantage
SPSS	Statistical Package for Social Sciences
VIP	Very Important Person
VRIN	Valuable, Rare, Inimitable and Non-Substitutive



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DEDICATION

I dedicate this project to both my nuclear and extended families for the unwavering support that they have accorded me throughout my academic journey all the way from childhood. The constant encouragement and inspiration that I have received from the family has given me the impetus to work harder towards completion of this research.



CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

According to Abrahamsen and Williams (2015), private security industry is made up of actors involved in the provision of private security services to augment state security agencies. The main markets for private security industry are banks, commercial firms, embassies, international organizations, NGOs, and refugee camps. Governments also contract private security firms (PSFs) where public security is limited and when the option of private security is cost-effective (Godfrey, Brewis, Grady & Grocott, 2014). Many countries across the world are currently more than ever before, allowing private security contractors to provide services that were initially the preserve of their military and police services (Stachowitsch, 2013). This is partly to respond to state security shortages, but in addition due to the changing nature of security situation globally. According to Freedonia Report (2011) the security service market globally was worth \$138.6 billion in 2007 and \$152.5 billion in 2009 by estimation; it would rise at a rate of 7.4% yearly, getting to \$218.4 billion in 2014. Much of the growth in the industry was experienced in the leading emerging economies and is estimated that the turnover would grow at a double-digit rate (Tzifakis, 2012).

A report by the American Society for Industrial Security (2009), states that since the end of the cold war, private military contractors, private security companies and contractors in related businesses, have played an important role in the areas of national defense, homeland security and humanitarian reconstruction. In some countries like Israel, the United Kingdom, United States and South Africa, private security companies employ more personnel as compared to those employed by the state security and enforcement institutions (Sibanyoni, 2014).

The private security industry in Africa reflects a global trend of expansion and a shift towards privatization pushed by the post-Cold War triumph of neo-liberalism at the turn of the 1990s (Abrahamsen & Williams, 2015). This has been demonstrated by states in the West whereby some non-core functions are surrendered to private security contractors. In South Africa, private security industry has grown over time due to the

rising need of securing public and private entities as well as individuals (Pillay, 2020). The rising crime rate in the country has made private individuals and businesses to hire private security guards to enhance security in their residences and business premises (Sibanyoni, 2014). However, whilst many countries in the West are able to maintain and run their main security services and operations and still regulate companies providing private security services, the same is not what is happening in the African setting (Heinecken, 2014). The inadequate institutional capacity of the African states to provide sufficient security for their citizens in an efficient and effective manner has created a security gap, which has been filled by private security firms.

In Kenya, owing to the spike in the number of PSFs and the increased competition, coupled with the growing threat from new players in the private security industry, the incumbent firms that have hitherto dominated the industry have been under serious competitive pressure (Mann & Graham, 2016). The inadequacies of national security agencies to provide the required security to their citizens including their residences and businesses, together with the increased crime rates, are some of the factors leading to the proliferation of PSFs and their subsequent entry into the market (Abrahamsen & Williams, 2015). Further, the duo states that the minimal capital required for startup, the growing knowledge and application of entrepreneurial skills and the expanding globalization, have also pushed for growth and multiplication of PSFs (Kihoro & Kepha, 2014). Due to the rise in the number of players in the private security industry, competition has been enhanced more than ever before, a situation that has compelled PSFs to devise different strategies to outsmart competitors.

In Nairobi County, just like the other parts of the country, private security firms have increased in number, which is attributable to the need for adequate security provision for both government and private enterprises (Muchira, 2015). Additionally, the increase in crime rates in various estates in Nairobi County and the lack of adequate security provision by public security agencies form part of the main factors that have led to the rise and growth of private security firms in the region (Kithusya, 2012). The security situation in Nairobi County deteriorated from 1980s through 1990s due to lack of adequate investments in security, a situation that was brought about by the decline in

economy (Kihoro & Kepha, 2014). Corruption in public security agencies has further led to multiplication of private security firms, increasing competition in the private security industry (Mbele, 2017). Hence, the need for strategies towards competitive advantage and competitiveness.

Competitive advantage is attained when a firm offers products and services of greater value to the consumers in terms of lower pricing or additional benefits and services that would attract same or potentially higher prices relative to competitors (Hinterhuber & Liozu, 2014). Competitive advantage contributes to better performance and survivability of firms (Ansoff & McDonnell, 2010). Private security firms in Kenya have come up with varied strategies and areas of strength to achieve their respective competitive advantages (Mbindyo, 2013). The main strategies contributing to competitive strength in the private security industry include cost leadership, differentiation and focus strategies (Ruckes, 2014).

The current study tackled the various strategies adopted by private security firms to enable them to improve their competitive advantage. Cost leadership strategy entails service offering to customers at relatively lower costs compared to the market while also checking the firm's expenses (Banker, Mashruwala & Tripathy, 2014). Differentiation strategy involves provision of distinct, differentiated or unique products or services to the market while assuming that customers would be able to meet and service higher prices for the goods as compared to what the market is offering (Putra, 2018). This in the end creates a rapport between the customer and the firm thus helping the firm gain competitive advantage. Focus strategy on the other hand, aims at establishing a target market through the creation of a brand loyalty and enables the firm to provide efficient services effectively in order to meet the expectations of the market segment (Pinar & Girard, 2013). The study aimed at establishing how these strategies affect the competitive advantage of private security firms in Nairobi County.

1.2. Research Problem

PSFs in Nairobi County have been operating within a very volatile environment, which is characterized by political anxieties, social reforms, advancement in technology, globalization as well as competition from new entrants in the market (Wekesa,

Cheruiyot & Kwasira, 2013). These challenges have had their effect on the operations of these firms necessitating the change of tact on how they conduct their business. The challenges have posed a threat to the existing firms in the industry that has made some of them to run out of business while others have had difficulties in their operations (Kihoro & Kepha, 2014). The challenges facing private security firms cannot be ignored as the industry plays an important role in security provision. The surviving firms have had to adopt some stringent measures to be able to survive in the turbulent market (Oanda, 2013). Hence, for these firms to be in a position to survive, they need to adopt strategies, in the right mix, that would propel them towards competitive advantage and sustainable competitive capability. Alogo (2015), says that, while the growth in numbers of PSFs in Kenya is high, a majority of them remain small and are poorly positioned for growth. In the end they either stall at the same level or die out. Accordingly, it is necessary for PSFs to understand the relationship between competitive strategies, competitive advantage and the ability of PSFs to grow and survive in the face of the stiff competition and volatile environment. Understanding the specific extent to which competitive strategies influence the competitive advantage of the firms will be important for planning.

However, the existing literature provides scanty information on the extent to which competitive strategies influence competitive advantage of PSFs, for example, Ortega (2010) did a study on competitive strategies and performance of firms in Spain, with technology as a moderating factor. The findings indicated that when the prescriptions of Resource Based View (RBV), in this case technology, and competitive strategy are carefully combined, they may lead to optimal performance. Kago, Gichunge and Baimwera (2018) conducted research on the relationship between competitive strategies and performance of petroleum firms in Kenya. The results indicated that competitive strategies improved performance of firms. Kyengo, Ombui and Iravo (2016) did a study on the influence of competitive strategies on the performance of telecom companies in Kenya and it found out that most firms had embraced generic competitive strategies to improve performance. Kinanu (2009) studied the implementation of competitive strategies by G4S Limited, Kenya, and the findings showed that the firm applied focus strategy as the predominant generic competitive strategy to get a competitive advantage.

Lekool (2010) undertook a study on competitive strategies applied by PSFs operating in Mombasa and it was established that all PSFs had embraced competitive strategies. Bett (2012) researched on competitive strategies applied by private security firms in Kisumu. The results showed that the firms had adopted different competitive strategies to improve competitive ability. None of the studies provides any specific findings or recommendations on the extent to which competitive strategies affect competitive advantage of firms. This information gap poses a challenge to private security firms, which is confirmed by Alogo (2015), who states that, the PSF industry has had innumerable strategy challenges over the years which affect outcomes of their operations and successes. He further states that, addressing lapses in adopted strategies in private security firms would map out challenges and help in correctly addressing them with the correct tools and methodologies. This study sought to fill this gap by examining the extent to which competitive strategies influence competitive advantage of Private Security Firms in Nairobi County

1.3. Objectives of the study

The main objective of this study was to examine the extent to which competitive strategies influence the competitive advantage of private security firms in Nairobi County.

The specific objectives were:

- i. To establish the extent to which cost leadership strategy influences competitive advantage of private security firms in Nairobi County.
- ii. To assess the extent to which differentiation strategy influences competitive advantage of private security firms in Nairobi County.
- iii. To determine the extent to which focus strategy influences competitive advantage of private security firms in Nairobi County

1.4. Research questions

The research addressed the following questions:

- i. To what extent does cost leadership strategy affect competitive advantage of private security firms in Nairobi County?

- ii. To what extent does differentiation strategy influence competitive advantage of private security firms in Nairobi County?
- iii. To what extent does focus strategy affect competitive advantage of private security firms in Nairobi County?

1.5. The Scope of the Study

The contextual scope of the study laid emphasis on competitive strategies (cost leadership, differentiation, and focus strategy) and the extent to which they influence the competitive advantage of private security firms in Nairobi County. The geographical scope of the research focused on private security firms doing business in Nairobi County. The theoretical coverage of the research was limited to the Porter's Competitive Advantage theory and the Resource-Based View theory. Further, the study was limited to a quantitative methodology in solving the study problem. The study focused on 71 private security firms in Nairobi County and the respondents were either the Marketing Managers or the Chief Executive Officers (CEO) of the private security firms. The choice of Marketing Manager or the CEO was informed by the fact that due to their positions and roles, they handle substantial and critical information of the firm. Therefore, the two were deemed to have adequate information about the operations of the firm and its performance as well as the strategies the firms have adopted to enhance their competitive advantage.

1.6. Significance of the Study

Various categories of stakeholders may find the study useful as follows:

Entrepreneurs in Private Security Sector

The study may be relevant to the current entrepreneurs in private security sector. The research findings may give a clear reflection of the market and describe the nature of competition and the challenges experienced in the industry, which may in turn help the firms to formulate suitable competitive strategies. Additionally, the study may identify competitive strategy gaps in private security firms, which may present an opportunity for current investors to improve on their competitiveness.

Government

The study may inform Government on the challenges faced by the private security firms as they augment what the national security agencies may be unable to provide to curb the increased insecurity, especially in Nairobi County. The findings may enable the Government to develop appropriate policies, standards and regulations that will enhance performance of the PSFs in Nairobi County and other areas.

Managers

The managers of private security firms are likely to acquire new knowledge on the most appropriate competitive strategies to apply and deploy to survive the competitive environment in the private security business. The knowledge may help them to understand the nature of competition in the sector and assist them to improve their competitive capabilities. They may also be able to appreciate the role played by competitive strategies in helping firms realize their highest level of performance.

Scholars and Researchers

Future scholars and researchers may find the study findings helpful, as they may be informed on the necessary areas to address in relation to future studies. The studies may be able to pinpoint the existing gaps and areas that need further research to establish how competitive strategies contribute to competitive advantage.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This section discusses the literature review on the extent of the influence of competitive strategies on competitive advantage of private security firms in Nairobi County. It presented the theories guiding the study, empirical review, knowledge gaps and the conceptual framework.

2.2. Theoretical Foundation

The study was based on Porter's Competitive Advantage theory and the Resource-Based View theory, which are discussed in the subsequent sections.

2.2.1. Porter's Competitive Advantage Theory

Porter's competitive advantage theory was proposed by Michael Porter in the year 1985. The theory suggests that businesses should invest in goods and services with higher quality yield and also which command higher prices relative to others in the market. The theory has three basic tenets that help organizations to gain competitive advantage comprising cost leadership, differentiation and focus strategies. The tenets are achieved through reduction of cost of goods and services, improvement of quality of goods, as well as increasing the customer base to a level different from other competitors in the market. Porter (1985) stated that firms have to choose between the three tenets in a bid to protect themselves from losing precious resources that helps them gain competitive advantage.

Lu, Shem and Yam (2008) state that competitive advantage originates from the strategies adopted by the firm with a view to address the strengths, weaknesses, opportunities as well as threats that have an impact on the organization operations. Thus, Porter's theory aims at explaining the organization's competitiveness, how firms achieve competitive advantage and the strategies to adopt to achieve the advantageous position relative to other firms. Anupkuma (2011) supports Porter's position and avers that, for an organization to grow and compete with others it should adopt competitive strategies that comprise cost leadership, differentiation and focus strategies.

The key strength of Porter's Competitive Advantage theory in relation to the current study, is inclined to the fact that it analyses and lays emphasis on growth and development of a firm; and its level of competition within the market (Porter, 2000). In relation to the private security industry, the theory would help in analysing the competition in the industry and help the firms to develop the appropriate strategies to enhance their competitiveness. However, a notable downside of the theory is that it assumes a classic perfect market where the market factors do not exist and do not matter (Porter, 2003). Additionally, the theory does not consider strategic alliances that may exist in the market, which may have an effect on the various strategies that may be adopted by the firms.

The appropriateness and applicability of the theory in the current study was in order to provide insights on the sources of competitive advantage that place firms at an advantageous position for competition in the market (Porter, 2011). Private security firms are disparate from each other and are therefore likely to deploy different competitive strategies to acquire competitive advantage. Thus, the theory is important to the firm in that it can use its current competitive position in the market to derive strategies that enhance its competitive advantage (Porter, 1985). A competitive strategy such as differentiation helps firms to have unique products and services and therefore, for private security firms to be in a position to remain competitive, they should ensure that their products or services are unique in order to attract customers and enhance their overall performance. The theory was applied in the study and development of conceptual framework as it provided insights into cost leadership, differentiation and focus competitive strategies which formed the independent variables.

2.2.2. The Resource-Based View (RBV)

The major proponents of RBV theory were Wernerfelt, Prahalad, Hamel and Barney in 1959. According to the proponents, the theory focuses on firm's capabilities as well as the resources from which it gains competitive advantage and also the profitability of the firm. The proponents further state that resources of the firm provide the basis for competitive advantage and the environment in which the firm operates. The tenets of

RBV theory are based on the firm's resources, which comprise knowledge, skills, technology, experiences, and organization processes (Kraaijenbrink, Spender & Groen, 2010). The theory further states that, the combination of these resources is what translates to the organization's capabilities that enable it to have the ability to compete in the respective markets.

Wernerfelt (1984) stated that, for any firm to acquire competitive advantage, it should always apply the resources available at its disposal. In order for the resources, to be effective in propelling the firm towards acquisition of competitive advantage, they should meet the VRIN criteria, which means that they are valuable, rare, inimitable and non-substitutable (Wernerfelt, 1984). Barney (2002), supported the argument by suggesting that, for the firm to acquire sustainable competitive advantage it needs to adopt the valuable, rare, inimitable and non-substitutable resources (Madhani, 2010). The strength of the theory is that it allows the firm to identify the resources that give it competitive advantage, which will enable it gain adequate performance.

Helfat, and Peteraf (2007) posit that the resources should be able to create high value products or services within the organization. Further, the resources help the firm to effectively and efficiently retail its products or services. However, an important downside of this theory is that it remains silent on the fact that firms may be heterogeneous in relation to the strategic resources in their possession and control. Additionally, the theory has an assumption that the strategic resource might not be mobile across the various firms and thus the heterogeneity may last long (Kraaijenbrink, Spender & Groen, 2010). To solve this, the private security firms should have resources that are similar in nature in a bid to have sustainable competitive advantage and thus be able to remain in the market.

The relevance and importance of this theory to the current study is underscored by the fact that it provides invaluable insights to the researcher in linking firm's internal resources to its competitive advantage. It is crucial for a firm to possess valuable resources even as it pursues other competitive strategies. Accordingly, both material and human resources of the organization are critical to this theory (Peng, 2001). It cannot be gainsaid, that the leadership of the organization plays a crucial role in making decisions

related to organizational resources. The firm's leadership is what determines which resources the firm needs so as to gain competitive advantage and have influence on the overall performance of the firm (Helfat & Peteraf, 2007). The RBV theory describes a varied nature of private security firms due to the fact that what gives rise to resource limitations, actually increases disparities in strategies that are put in place by private security firms. Moreover, the theory posits that, as redundancy of resources sets in, private security firms must continually reinvent themselves through early adoption of strategies and deployment of resources logically as they develop (Madhani, 2010). The theory was important in the study and development of the conceptual framework, as it provided explanations on how a firm may strategically utilize its resources and find a balance between them and the adoption of the generic competitive strategies.

Both Porter's Competitive Advantage theory and Resource Based View played critical roles in the development of the conceptual framework to support the current study. The RBV theory was important in explaining how a firm may strategically utilize its resources and find a balance between them and the adoption of the generic competitive strategies. The Porter's Competitive Advantage theory provided insights into the cost leadership, differentiation and focus competitive strategies which formed the independent variables.

2.3. Competitive Strategies

According to Porter (1996), a competitive strategy is a long-term course of action that a firm adopts with a view of gaining competitive advantage over its competitors after careful examination of their strengths and weakness as compared to itself. Competitive strategy involves deploying a set of activities and options that are geared towards delivering a unique mix of value (Salunke, Weerawardena & McColl-Kennedy, 2019). Pearce and Robinson (2015) states that business managers will always choose particular strategies that they think will have an overall positive effect to the competitive advantage of the firm. Johnson, and Scholes (2014) state that strategy, which may also be defined as the search for a strategic fit, is the aligning of the activities of the organization to the market in which it undertakes its business. This therefore means that firms should employ competitive strategies that are appropriate for the competitive

space. Private security firms require competitive strategies to enable them manage threats and exploit emerging opportunities that exist due to the increase in the number of firms in the sector (Huang, Chang, Li & Lin, 2014). Competition in the market has forced private security firms to formulate strategies that are applied together with the internal capabilities to meet environmental requirements including the increased competition. Before a private security firm chooses a particular strategy, they have to assess their competitors and establish what strategy they are utilizing in providing their services (Ansoff & McDonnell, 2010). After a careful analysis, the managers would be able to suggest appropriate strategies that would give rise to competitive advantage and propel the firm forward in relation to its competitors. However, PSFs have had challenges in understanding the extent to which competitive strategies contribute to competitive advantage, which must be resolved. Alogo (2015) says that addressing lapses in adopted strategies in private security firms would map out challenges and help in correctly addressing them with the correct tools and methodologies.

The success of these strategies would depend on how well they were crafted and what process was followed in their implementation. Thus, managers of private security firms must always be skillful enough in developing strategies that would improve the competitive position of the particular firm (Gunasekaran & Mavondo, 2013). These competitive strategies that are embraced by the PSFs to compete are cost leadership strategy, which is achieved through cost minimization, modern technology, and low expenses. The second strategy is differentiation strategy whose parameters include corporate reputation on quality, unique services for customers, and efficiency of distribution network (Pearce & Robinson, 2015). The third strategy is focus strategy whose parameters include creating brand loyalty, new technology for the narrow market segment, and efficient and effective service for the customers.

2.4. Competitive Advantage

According to Porter (2010), competitive advantage refers to the capabilities that an organization possesses over its competitors in terms of the available resources and the products and services it offers to customers. Competitive advantage is gained when a firm offers services of great value to the consumers in terms of prices as well as great

benefit as compared to other competitors. A firm is considered to possess competitive advantage that is sustainable if competitors through innovations, training, offering of technology as well as leadership quality (Ansoff & McDonnell, 2010) cannot imitate the services offered. The basic steps in gaining competitive advantage are identification of unsatisfied market, determining the requirement to be in a position to satisfy the unsatisfied market, as well as identifying the firm's core competencies.

Just like the other industries, private security industry players must work to attain a competitive advantage in order to improve their performance. Presence of competitive advantages in a firm is evidenced by increased productivity, increased profitability, as well as increased market share (Johnson & Scholes, 2014). Competitive advantage enables private security firms to be able to provide services efficiently while taking cognizance of market dynamics and technology changes. However, the strategic options on the adoption of competitive strategies by PSFs in Kenya and the quest to gain competitive advantage depends on market demand, business environment, and internal and external factors (Carroll, 2016). Consequently, the firms have to deploy their energy, resources, business capabilities and valuable networks in order to create the required competitive advantage in all activities (Huang, Chang, Li, & Lin, 2014). Careful consideration and application of these factors will enable PSFs to establish a competitive advantage, which if properly utilized in formulating a business strategy will lead to sustainable growth and increased survivability rate.

2.5. Private Security Firms

According to Kenya Private Security Regulation Handbook (2019) a private security firm is defined as a body corporate, which may include a partnership formed for provision of private security services to both government and privately-owned enterprises and installations (Wairagu, 2014). The firms also offer advisory services on matters related to protection and safeguarding of life and property, as well as other security services including the use of security equipment. The private security firms also provide response or reactive services to security situations (Kenya Private Security Regulation Handbook, 2019). The most important role of PSFs is to bridge the gap left due to the inadequate capacity of government security and policing agencies to provide

protective services to people and property (Kenya Security Bill, 2010). To achieve this, the firms undertake a variety of functions ranging from guarding, protection of Very Important Persons (VIPs), Cash-in-Transit, securing events, safeguarding facilities of strategic importance and providing other services related to safety and security of persons and property (Wairagu, 2014). Other services provided by PSFs include dog handling, installation of electronic surveillance systems, alarm systems, firefighting, ambulance & paramedic services, training, facilities management, investigations, consulting services and courier services.

The unprecedented expansion of private security industry in Kenya in the recent years attracted the attention of Government, which in 2016 enacted the Private Security Regulation Act (Private Security Regulation Act, 2016). The private security regulatory body, Kenya Private Security Regulatory Authority (PSRA), was established under the Act with the main responsibility being regulation of private security industry and setting standards. A Board with representation from Government, Private Security Industry and Public sector, governs the Authority. It has a Secretariat that is headed by a Chief Executive Officer, who is also the Secretary to the Board. Further, there exists two associations whose members are large and small private security firms; Kenya Private Security Industry Association (KSIA) and Protective Security Industry Association (PSIA). The large and the established private security firms dominate the membership of KSIA while PSIA members are mostly the new, small and upcoming private security firms (Kenya Private Security Regulation Handbook, 2019).

Some of the largest and most established private security firms in Kenya are dominant in Nairobi County, due to the fact that it is the biggest city, the capital city and commercial hub of Kenya. The core business of majority firms is to provide security guarding services while a few are involved in the selling and installation of technology-based security systems. Some of the large private security firms operating in Nairobi include KK Security, G4S, Security Group Africa, Securex, Wells Fargo, Guard Force, Pinkertons, Lavington, Radar, Jeff Hamilton, SecurHomes and Winster (KSIA, 2020). The growth and multiplication of PSFs in Nairobi is mainly due to the high crime rates and the fact that government security agencies are unable to provide adequate protection

to citizens and their property. Further, the returns gained from private security business are a key motivator. The current study focused on the large and established private security firms in Nairobi County that are members of KSIA, in order to understand how the firms, gain competitive advantage amidst the increasing competition in the sector due to the increased number of private security firms (Wairagu, 2014). The study delved into the competitive strategies embraced by the firms to acquire competitive advantage to enable them deal with the increased competition within the sector in Nairobi County.

2.6. Competitive strategies and competitive advantage of PSFs

According to Papulova and Papulova, (2006), in order to be successful, organizations must be strategically aware. The duo adds that the generic competitive strategies are the basic templates for organizing firm activities in order to achieve competitive advantage in an industry. A competitive strategy is a summary of the vision that a firm perceives against its competitors (Yuleva, 2019). Papulova and Papulova, (2006), aver that a real competitive advantage means that organizations are able to meet customer needs more effectively than competitors. However, it is only possible to achieve this if and when real value is created for customers through thorough understanding of the customer, commitment to quality, high level of all-round service and speedy reaction to competitive opportunities and threats. Competitive advantage exists when a firm possesses a combination of specific capabilities that allow it to overtake its competitors and be more competitive (Yuleva, 2019). The author further states that, an effective competitive strategy must be in support of these activities and to ensure that the company has an advantage over the competitors. The private security industry is increasingly becoming more and more competitive. Some PSFs have exited the market and others continue to experience tough times because of insufficient understanding of how to operationalize competitive strategies for competitive advantage. This in turn has led to their inability to compete and hence they do not survive against competitors. The PSF industry has had innumerable strategy challenges over the years and these affect outcomes of their operations and successes (Alogo, 2015). The rationale of the study was to interrogate the extent of the interrelationships of competitive strategies, competitive advantage and the ability of PSFs to compete and survive.

2.7. Empirical Review

The current section is integral in the study in reviewing the related literature in line with the research variables. The review of empirical studies helped in highlighting the various contextual and empirical gaps that the current study endeavors to fill.

2.7.1. Cost Leadership Strategy and Competitive Advantage

Kasyoka (2011) conducted research on how strategic positioning contributes to achievement of sustainable competitive advantage in Safaricom Limited. The target study population comprised the heads of departments for the critical functions including strategy and planning, technical operations, marketing and sales. The findings of the study established that Safaricom Limited had undertaken a major price reduction in order to provide her online customers in the Kenyan market with more affordable services. The company's investment in communication infrastructure continues to lower operational cost, which accords it an opportunity to offer its products at very competitive rates.

Njuguna (2012) studied on the competitive strategies adopted by Safaricom, Kenya Ltd to compete effectively. Case study was agreed to be the research design in the study. The tool that was used for data collection was an Interview Guide and the collected qualitative primary data was analyzed using content analysis. The target population focused on heads of departments and Senior Managers in charge of Innovation, New Markets, Strategy, and Planning. The researcher was able to interview all the targeted respondents representing 100% response rate. The research findings established that Safaricom Limited employed cost leadership strategy as one of the strategies to tackle competition. According to the findings, the strategy takes the form of strict management of costs and overheads. These are predominantly operational expenses and input, labour and distribution costs. Oanda (2013) studied the challenges of implementation of cost leadership strategy among the private security companies in Kenya. The study adopted descriptive research design and the target population was the senior as well as the middle managers within the private security firms. The findings established that firms experienced challenges such as environmental uncertainty, ineffective and poor

communication, inadequate training given to lower level employees, disorganized coordination, weak leadership styles, insufficient understanding of the overall goals, organizational culture and change in technology.

Kihoro and Kepha (2014) undertook a study on the effects of competitive strategies on retention of customers in G4S (K) Limited. The study applied a descriptive research design. A sample of 75 employees from various departments within the organization was selected from a population of 243 using stratified sampling. Primary data was obtained using a questionnaire and analyzed through SPSS. The study established that the organization maintained a department that was involved in the management of strategic accounts with the sole purpose of devising appropriate strategies on customer retention.

Sora (2015) investigated how cost leadership strategy affects performance of manufacturing firms in Kenya. The researcher utilized a survey questionnaire in the study. 131 respondents from Nairobi and surrounding areas provided data through an interview guide. The collected data was analysed using Pearson's correlation and regression analysis tools. Further, descriptive and explanatory research designs were adopted in the study. The findings established a significant influence of cost leadership strategy on performance of the firms.

2.7.2. Differentiation Strategy and Competitive Advantage

Prajogo (2007) examined the influence of differentiation strategy on quality performance. The study utilized descriptive study design. Primary data for the study was collected from 102 managers from firms in the Australian manufacturing industry. Analysis of the interrelationship between differentiation strategy and quality performance was done through multiple regression. Following the studies, the results showed that differentiation strategy predicted product quality. The findings provide an understanding on how quality and competitive strategy interplay.

Muchira (2005) studied the extent to which private security firms in Kenya apply differentiation strategy for them to acquire and sustain competitive advantage. A census

survey was undertaken 20 firms forming the membership of the Kenya Security Industry Association. Primary survey data was collected through questionnaires. From the study, the results indicated that formal private security firms used differentiation strategies to a very great extent. The level to which large, medium and small-size firms applied the differentiation strategies depended on the available resources.

Aliqah (2017) conducted a study on the relationship between differentiation strategy and performance of Jordanian industrial companies. A case study design was applied where the target population was employees from 33 Jordanian industrial companies. Descriptive statistics was utilized for data analysis. Multiple regression analysis results indicated that there was no much impact on organizational performance when differentiation strategy was dominant.

Putra (2018) conducted an analysis of differentiation strategies to attain competitive advantage in to tackle global markets. The study applied descriptive qualitative approach while observation and interview were used as data collection techniques. The respondents of the research were business owners, employees and customers of Never Get Old Company in Malang City, Indonesia. The findings of the research study established that the differentiation strategies employed by the company were brand differentiation, service differentiation and product differentiation. The conclusion was that differentiation was a crucial determinant for any business to achieve competitive advantage.

2.7.3. Focus Strategy and Competitive Advantage

Pinar and Girard (2013) did a study on the influence of focus strategy on the profitability and performance of firms doing business in Turkey. The study utilized a case study design. The target population was 228 managers. Data collection was done by the use of a questionnaire as the data collection instrument. The findings of the study established that focus strategy had a significant effect on firm performance. In addition, the study found out that focus strategy enables the firm to maximize on its performance.

Gunasekaran and Mavondo (2013) did a study to examine the relationship between focus strategy and competitive advantage among companies in Australia. Survey design

was applied in the study where the target population was 237 companies. Data collection was undertaken by the use of a questionnaire and analyzed through descriptive statistics. The study established that there were significant differences in the configuration of firm's performance when focus strategy was adopted. The results did not support porter since it suggested that those combination strategies in certain circumstances are more successful than single focus strategy.

Munyiri (2014) studied the influence of competitive strategies and customer retention among commercial banks in Kenya. The study utilized descriptive research design where the target population was based on the 44 registered commercial banks. The findings obtained showed a significant relationship between focus strategy and customer relationship. Further, it was established through the study that the banks had a focus on a particular market segment with a view of customer satisfaction.

2.8. Research Gap Analysis

The empirical review identifies several gaps in the literature. Firstly, studies that have examined cost leadership strategy and competitive advantage show mixed findings on the influence of cost leadership strategy on competitive advantage. Whilst a study by Kasyoka (2011) reports about strategic positioning and achievement of sustainable competitive advantage, another study by Njuguna (2012) has discussed cost leadership and how it helps in tackling competition. Additionally, Oanda (2013) discussed the challenges of implementation of cost leadership strategy. Secondly, most of the studies treat competitive advantage as a unidimensional construct whose typical indicators include profitability, return on investment/assets, market share, growth in sales and customer retention. Owing to the fact that the impact of cost leadership could potentially manifest in many different aspects of competitive advantage, the unidimensional performance measure may be inadequate.

Similarly, studies investigating differentiation strategy and competitive advantage have produced findings that are inadequate to inform on its specific influence on competitive advantage of PSFs, for example, while Aliqah (2017) concentrated on the relationship between differentiation strategy and organizational performance, Prajogo (2007) focused

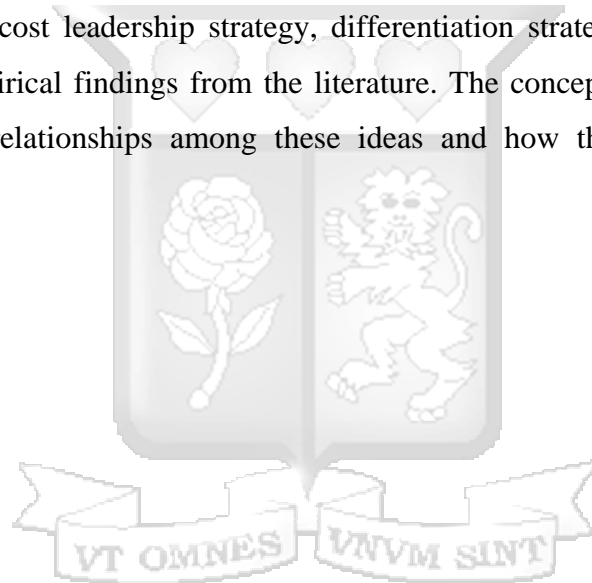
on the influence of differentiation strategy on quality performance, Muchira (2005), focused on the extent to which private security firms in Kenya apply differentiation strategy in order to acquire and maintain competitive advantage, and Putra (2018) focused on analysis of differentiation strategies to attain competitive advantage. Secondly the studies that have addressed competitive strategies and competitive advantage are not comprehensive enough to convince the reader on the existence of a relationship between the two variables that is differentiation strategy and competitive advantage. Thirdly, even though most of the studies assume that the nature of relationships between competitive strategies is complementary, only a few studies directly confirm the same assumption by way of investigating the interaction effects of competitive strategies on competitive advantage.

Regarding focus strategy, the studies have had different contexts which may be different from the operations of the private security firms. For instance, Pinar and Girard (2013) focus on security business performance on Turkish firms which may differ in context considering Turkey is a developed country compared to Kenya. Gunasekaran, N. and Mavondo (2013) did a study on the relationship between focus strategy and competitive advantage among companies in Australia. The study was not specific as to what companies it was addressing. Munyiri (2014) studied on the influence of competitive strategies and customer retention among commercial banks in Kenya. In this case, the study lacks correlation with the current study as it focuses on competitive strategies and customer's retention.

The literature review provides a justification that further research should be conducted on cost leadership strategy, differentiation strategy and focus strategy and their impact on competitive advantage amongst private security firms. The salient conceptual points derived from the review are that, notwithstanding the extensive research that exists, there is scarce information and conclusions on the relationship between competitive strategies and competitive advantage among the private security firms in Kenya. Therefore, a meticulous examination was conducted within the empirical setting of Kenya with a focus on private security firms in Nairobi County, in order to fill the literature, gap both empirically and theoretically, especially in developing countries.

2.9. Conceptual Framework

This is a research tool that the researcher uses to explain the natural progression and flow of the phenomenon under study (Camp, 2001). The framework assists the researcher to develop awareness, understand and appropriately explain the concepts within the problem of the study. The conceptual framework in Figure 2.1 shows the relationship between the dependent and independent variables under study. The dependent variable was competitive advantage of PSFs in Nairobi County. The independent variables were the Porter's generic competitive strategies practiced by the PSFs in Nairobi County. The conceptual framework is related to the theoretical framework in that it contains the theories in part or whole as well as other concepts which includes cost leadership strategy, differentiation strategy and focus strategy as well as the empirical findings from the literature. The conceptual framework has been used to show relationships among these ideas and how they relate to the current research.



Independent Variables

Dependent Variable

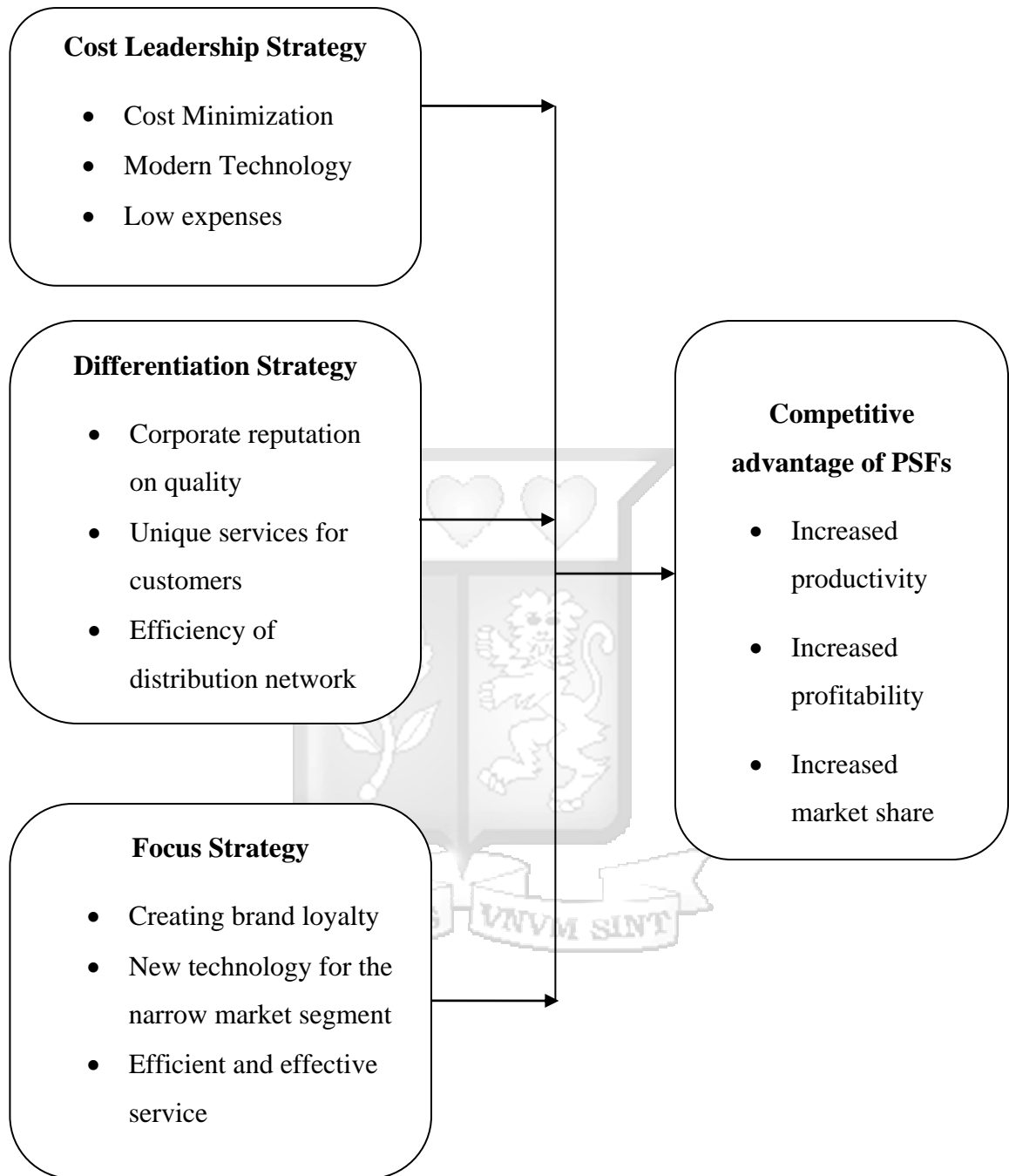


Figure 2.1. Conceptual Framework

Source: Researcher, 2020

2.10. Operationalization of Variables

The different variables were measured as shown in Table 2.1.

Table 2.1. Operationalization of Variables

Variable	Indicators	Measurement	Data collection tool	Data analysis
Cost leadership	<ul style="list-style-type: none"> • Cost Minimization • Modern Technology • Low expenses 	The level of cost leadership strategy	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis
Differentiation	<ul style="list-style-type: none"> • Corporate reputation on quality • Unique services for customers • Efficiency of distribution network 	The level of differentiation in the firm	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis
Focus	<ul style="list-style-type: none"> • Creating brand loyalty • New technology for the narrow market segment • Efficient and effective service 	The level of focus strategy	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis
Competitive advantage	<ul style="list-style-type: none"> • Increased productivity • Increased profitability • Large market share 	The level of competitive advantage within the firm	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis

2.11. Chapter Summary

The section has summarized the theories anchoring this study and the empirical literature related to the phenomenon that the researcher set out to study. It has clearly highlighted the various contributions by Porter's competitive theory and resource-based view and their relevance to this study. A summary of important selected empirical studies has been presented showing the title of the study, the research findings and knowledge gap that exists to necessitate this study and its area of focus. The section also

presents a conceptual model in a diagrammatic relationship with the involved variables of the study. Further, it introduces the key focus areas of the current study, which focused on independent variables being the competitive strategies of private security firms while the dependent variables being the competitive advantage of PSFs. The competitive strategies under study included cost leadership, differentiation, and focus.



CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

Methodology in research outlines the detailed description of the specific techniques that were adopted in the research and the approaches that were taken in conducting the study. It includes research design, target population, sampling design, data collection methods and data analysis amongst others.

3.2. Research Design

Research design is the pattern that the researcher has chosen to follow in conducting the research process. It's the plan, framework, or strategy that the researcher has opted to use in the conduct of research (Oso & Onen, 2009). This particular study applied descriptive research design. The design is appropriate since in addition to being possible to explain the phenomenon under study in line with inherent characteristics, values and attitudes, it provides an opportunity to determine and highlight the manner in which things are carried out (Mugenda & Mugenda, 1999). In addition, the design was suitable and relevant to this study due to the fact that it contributed to accuracy of events, situations and data. The design helped the researcher to acquire a deep and wide analysis of the study variables as well as providing more room for collection of large amounts of data. At the end, the clarity of the findings on the extent to which competitive strategies influence competitive advantage, was attributable to the design.

3.3. Target Population

This is a set of things or items, which are under investigation and from which generalization of results is done (Mugenda & Mugenda, 2003). 71 firms were selected as the target population, comprising the major PSFs in Nairobi County. This was important in the study to increase accuracy levels. This study identified respondents to be the Marketing Managers or the Chief Executive Officers (CEOs) of the security firms due to the fact that they hold crucial senior positions and perform critical organizational roles. It was therefore deemed that they potentially possessed important information on operations of the firm including clear understanding of competitive strategies and competitive advantage of the firm.

3.4. Sample Size and Sampling Technique

A sample is the segment of a population with common observable characteristics, which is selected for research (Jupp, 2006). Sampling is defined to as the process through which a sample is selected from a target population with the aim of predicting the outcome in relation to the phenomena under investigation. The sample population should have similar characteristics with the original population (Kumar, 2005). The study used the census data collection method. This was appropriate due to the fact that respondents were only 71 and all could effectively be considered resulting to increased accuracy. It also provided an opportunity for intensive and in-depth information of the PSFs. The sample size was big enough to provide an opportunity to interrogate the extent to which each firm's competitive strategies affected their competitive advantages.

3.5. Data Collection

The study applied a questionnaire as the instrument of data collection because of its appropriateness to obtain data about people's thoughts, attitudes, values, experiences and past behavior. Also, questionnaires are a very convenient way of collecting useful comparable data from a number of individuals like the targeted 71 respondents in this study (Mathers, Fox & Hunn, 2009). Further, the questionnaire was suitable in this study in that the researcher was able to gather a significant and uniform amount of data cost effectively, in addition to providing respondents with an opportunity to respond at their convenience. The questions in the questionnaire had been pretested in the pilot study and adjusted accordingly to effectively address the objectives of the study. In order to enhance response rate, respondents had been assured of confidentiality of the provided information. Data collection requires a conducive setting, and in order to achieve the same, an official introduction by the researcher to the respondents was necessary. The researcher further, fully outlined the purpose of the study well before administration of the instrument for data collection. These details were contained in an introduction letter, which served as the blue print of the researcher's intentions.

Moreover, deliberate efforts were made to establish a close rapport with the respondents in order to win their cooperation. Administration of the questionnaires to the respondents was made possible by 'Drop and pick later' technique which is believed to have resulted

in the high completion and response rates thus reducing potential problems associated with non-response bias. The researcher ensured personal delivery of the research instruments to the respondents in order to guarantee high response rate. This was achieved through two assistants who helped in the distribution of the research instruments. The respondents were given a duration of a fortnight to fill in the information in the questionnaire. The filled-up questionnaires were collected after the lapse of the two-weeks duration.

3.6. Research Quality

In order to guarantee accurate results with clarity and suitability, a pilot study was undertaken. The pilot study was done in Kiambu County among 7 private security firms which is 10% of the sample population. The choice for private security firms in Kiambu was its proximity to Nairobi County and thus they may have similar characteristics in relation to competitive strategies and competitive advantage. According to Connelly (2008), existing literature indicates that 10% of the sample projected for the larger parent study is an acceptable sample for the pilot study. The importance of undertaking the pilot study was to ensure that the research instrument was capable of obtaining the information the study intended to get. The critical aspects under consideration in the pilot study included the validity and reliability of the research instruments intended to be applied in the final study.

3.6.1. Validity

Validity is used to mean the degree of accuracy to which a research instrument actually measures what it claims to measure (Golafshani, 2013). The ability and willingness of the respondents to avail the information required in a study determines the validity of instruments (Sekaran & Bougie, 2009). The study used content and construct validity. The former seeks to assess the quality of all measurement items, which must be established prior to any hypothetical application (Golafshani, 2013). During the study, content validity was conducted with the assistance of the supervisor in developing the research instrument and ensuring the instrument is aligned with the study content. On the other hand, construct validity examines if the specific measurement instrument truly

represents what is currently being measured. Construct validity ensured that all the indicators of the research are incorporated into the research instrument.

3.6.2. Reliability

Reliability is defined as the extent to which a research instrument is able to provide results that are consistent when administered on repeated trials (Mugenda & Mugenda, 2003). An instrument is termed to be reliable if it produces similar results whenever it is administered to a similar sample population at different intervals. Cronbach's Coefficient was utilized in this research study to calculate the degree of consistency in the responses that were obtained through the instrument every time it was administered. Generally, Cronbach's alpha value of at least 0.70 shows an agreeable level of internal consistency (Cronbach & Azuma, 1962). Alpha values that are less than 0.70 require that the instruments have to be reviewed in order to meet the acceptable threshold. The reliability results obtained are as shown in table below:

Table 3.2. Summary of Reliability Test on Variables

Serial No.	Variable	No. of Items used	Cronbach's alpha
1	Cost leadership strategy	3	$\alpha=0.81$
2	Differentiation strategy	3	$\alpha=0.81$
3	Focus strategy	2	$\alpha=0.74$
4	Competitive advantage	1	$\alpha=0.72$

3.7. Data Analysis

In order for the researcher to ensure consistency, completeness and accuracy, the collected data was thoroughly checked, coded and tabulated to enable data analysis. Further, the researcher analyzed the data after which the results were presented through graphs, frequencies, percentages and tables. In addition, the researcher used descriptive

statistics to present the data which included the mean and standard deviation. Statistical Package for Social Sciences (SPSS) version 24 was utilized to produce the output of the data. Further, the study utilized inferential statistics such as multiple regression analysis to establish the influence of competitive strategies on competitive advantage of PSFs. This was utilized to analyze the three objectives in the study. The model that was used is indicated below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where

Y= Competitive Advantage

α = constant term

$\beta_1, \beta_2, \beta_3$ = Parameters

X_1 = Cost Leadership Strategy

X_2 = Differentiation Strategy

X_3 = Focus Strategy

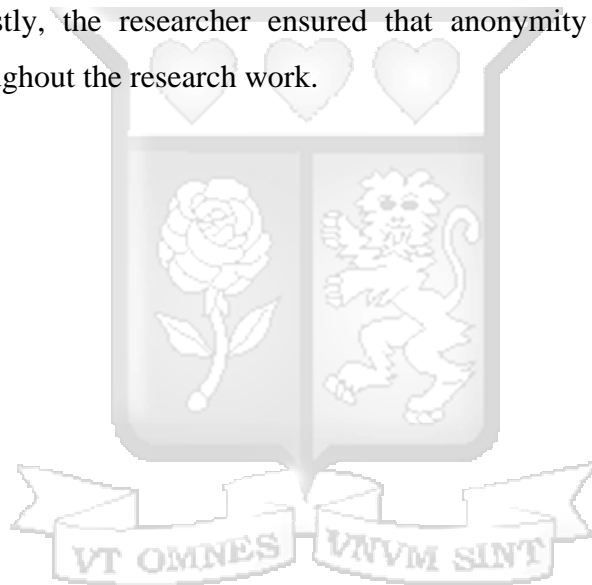
ϵ = Error term

The relationship between the dependent and independent variables in the study was established using correlation analysis. The data that was obtained through the open-ended questions was qualitative and therefore, it was analyzed using content analysis. This method involves coming up with interpretations through analysis and accurate ascertainment of specific features of information as the basis to relate to trends. Content analysis provides a qualitative view of the respondents, observations, reasoning and ideas.

3.8. Ethical Considerations

In line with the requirements of the study, ethical consideration was made before embarking on the actual research. Strathmore University's Ethical Committee interrogated the goals and the methodology of the study and cleared because it was in

line with the expected ethical principles. The Committee further provided some additional ethical guidelines that were put into consideration further ensuring that the study was in strict observance of ethical requirements. Moreover, the study was only undertaken after official authorization was received from the National Commission for Science, Technology and Innovation (NACOSTI). In addition, the participants were requested to provide a voluntary and official consent for them to participate in the study. Again, the researcher made an official introduction of himself and the intended purpose to the participants. In the introduction letter, it was made clear that confidentiality of the participants' information was to be ensured through restricted and controlled access. The purpose of the research was also emphasized, which was purely educational. Lastly, the researcher ensured that anonymity of the respondents was maintained throughout the research work.



CHAPTER FOUR: PRESENTATION OF RESEARCH FINDINGS

4.1. Introduction

The study intended to understand the extent to which competitive strategies influence competitive advantage of PSFs in Nairobi County. This section outlines the research findings obtained following the comprehensive analysis of the collected research data. It further shows the response rate, the general information of the firms, the descriptive analysis, factor analysis, and the regression and correlation analysis in line with the research objectives. The regression analysis was used to predict and explain the response between the dependent and independent variables as set out in the main objective. On the other hand, the correlation analysis was required to determine the strength of the relationship between the two variables.

4.2. Response Rate

The researcher obtained 59 completed questionnaires representing 59 out of the 71 private security firms, which was 83.1 percent response rate, as shown in Figure 4.2.

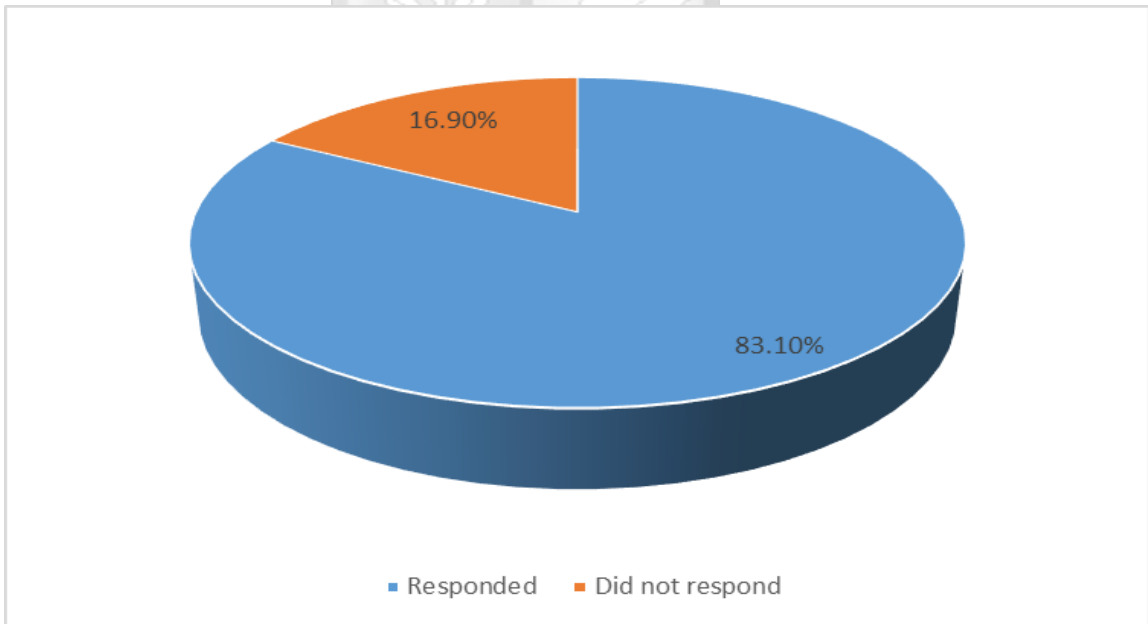


Figure 4.2. Response Rates

Source: Researcher, 2020

4.3. General Information of the Private Security Firms

Further, the study investigated the general particulars of the PSFs. The findings were grouped according to the firm's number of years in business, ownership of the firm, and the people employed by the firm. The respondents were either Marketing Managers or CEOs at the firm. The results are presented in the subsequent subsections as follows:

4.3.1. Ownership/Type of the Firm

The researcher further examined the ownership of the firms. The results are presented in Figure 4.3.

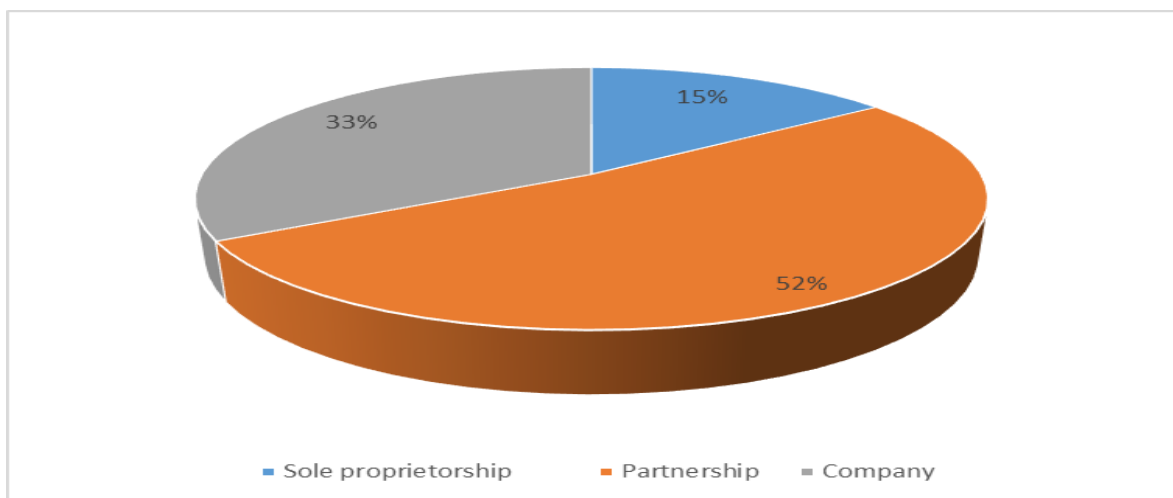


Figure 4.3. Ownership of the Firm

Source: Researcher, 2020

The respondents indicated that majority (52%) of the firms were partnerships, 33% were independent limited companies, while 15% were sole proprietorships. This showed that majority of the firms were partnerships.

4.3.2. Nature of Ownership of the Firm

The nature of ownership of the firms was of interest to the researcher. Respondents were requested to provide information on the same and the results are presented in Figure 4.4.

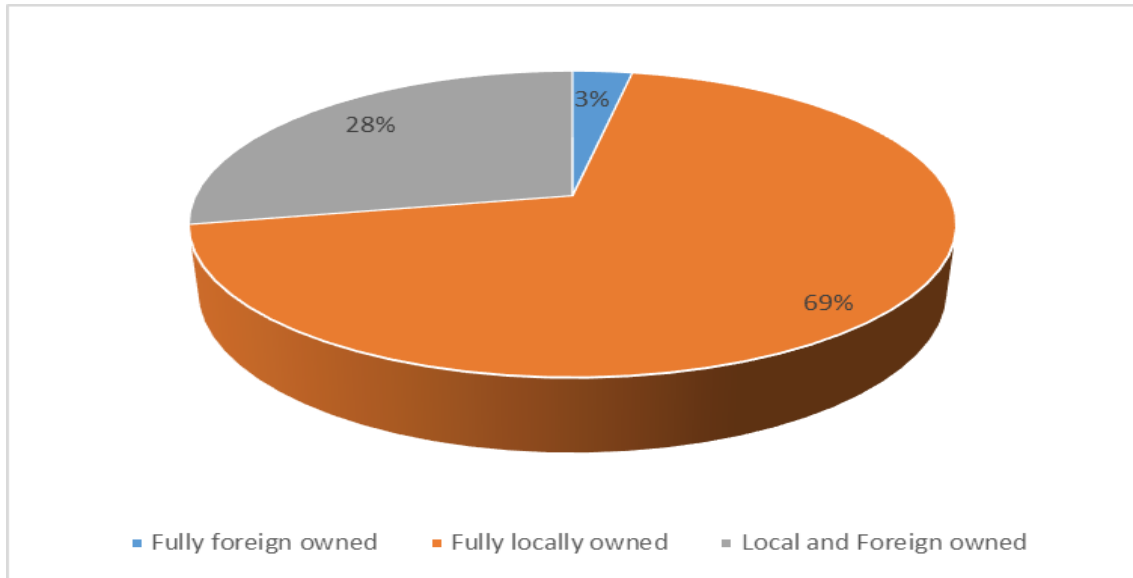


Figure 4.4. Nature of Ownership of the Firm

Source: Researcher, 2020

The results from the respondents confirmed that majority (69%) of the firms were fully locally owned, 28% indicated that their firms were locally and foreign owned, while 3% indicated that theirs were fully foreign owned.

4.3.3. Employees in the Firm

In order to confirm the size of the firm by personnel, the respondents were asked to state the total number of personnel employed by their respective firms. The results are shown in figure 4.5.

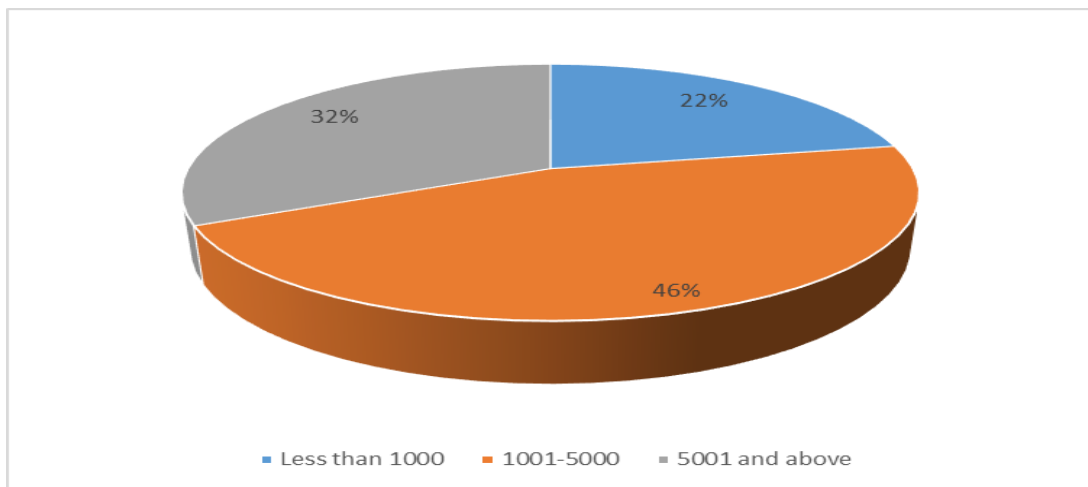


Figure 4.5. Employees in the Firm

Source: Researcher, 2020

The results indicate that most (46%) employed between 1001-5000 employees, 32% indicated 5001 and above people, while 22% indicated less than 1000 people. This depicts that most of the firms had employed between 1001-5000 people.

4.3.4. Competitive Strategies Pursued by the Firms

In order to understand whether firms embraced strategies for competitiveness in the industry, the researcher sought to establish the various competitive strategies pursued by the various PSFs. The respondents were requested to state their dominant strategies and the results are shown in figure 4.6

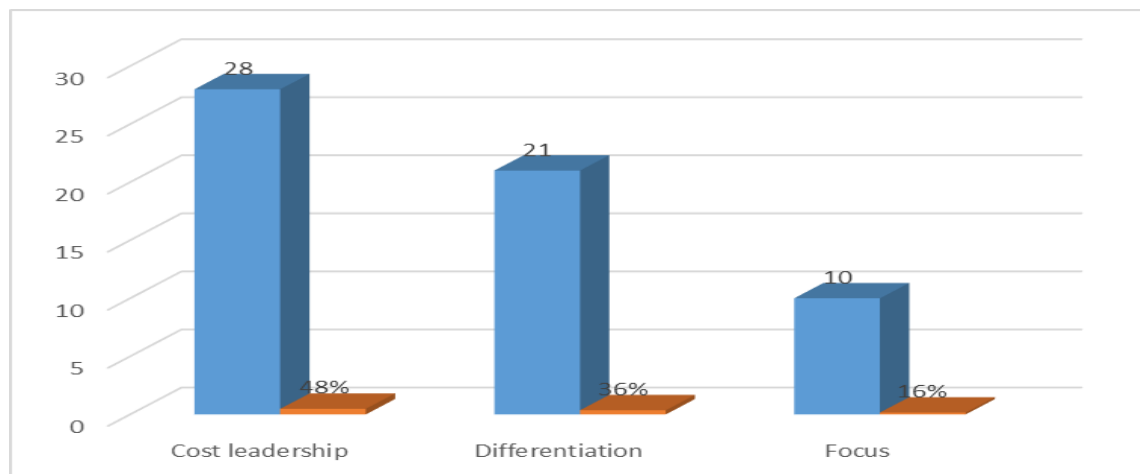


Figure 4.6. Competitive Strategies pursued by the Firms

Source: Researcher, 2020

The results indicate that most (48%, 28) of the firms used cost leadership strategy as their dominant strategy, 36% (21) indicated differentiation strategy, while 16% (10) indicated focus strategy. This depicts that most of the firms had pursued cost leadership strategy as their dominant competitive strategy.

4.3.5. Preliminary correlation analysis between competitive strategies and competitive advantage of private security firms

Correlational analysis using Pearson's product moment technique was conducted to determine the correlation between competitive strategies and competitive advantage of private security firms in Nairobi County. The results are presented in Table 4.3 below:

Table 4.3. Correlation Between Competitive Strategies and Competitive advantage

		Competitive advantage	Cost leadership strategy	Differentiation strategy	Focus strategy
Competitive advantage	Pearson Correlation	1	.667**	.559	.698
	Sig. (2-tailed)		.000	.001	.002
	N	59	59	59	59
Cost leadership strategy	Pearson Correlation	.667**	1	.661	.702**
	Sig. (2-tailed)	.000		.053	.002
	N	59	59	59	59
Differentiation strategy	Pearson Correlation	.759	.661	1	.582**
	Sig. (2-tailed)	.001	.005		.000
	N	59	59	59	59
Focus strategy	Pearson Correlation	.698	.684**	.735**	1
	Sig. (2-tailed)	.002	.001	.000	
	N	59	59	59	59
** . Correlation is significant at the 0.01 level (2-tailed).					

The results show that there is a significant positive relationship between cost leadership strategy and competitive advantage of private security firms in Nairobi County ($r = 0.667$). This implies that there is a very strong association between competitive advantage of private security firms in Nairobi County. The findings also reveal that there is a significant positive relationship between differentiation strategy and competitive advantage of private security firms in Nairobi County ($r = .759^{**}$, $p\text{-value} < 0.05$), thus implying a positive and significant relationship. The findings also reveal that there is a significant positive relationship between focus strategy and competitive advantage of private security firms in Nairobi County ($r = .698^{**}$, $p\text{-value} < 0.05$), thus implying a positive and significant relationship.

4.4. Cost Leadership Strategy and Competitive Advantage

The first objective for the study was to establish the influence of cost leadership strategy on competitive advantage of PSFs in Nairobi County. Analysis of the objective was undertaken using descriptive statistics and inferential statistics as presented in the subsequent subsections:

4.4.1. Descriptive Statistics

This part presents descriptive statistics on firm competition based on cost of services, modern technology and services with low expenses, and extent of agreement of cost leadership. The findings are shown in the following subsections:

4.4.1.1. Firm Competition Based on Cost of Services

The study sought to examine whether firms competed based on the cost of services as their dominant strategy. The results are presented in Figure 4.7.

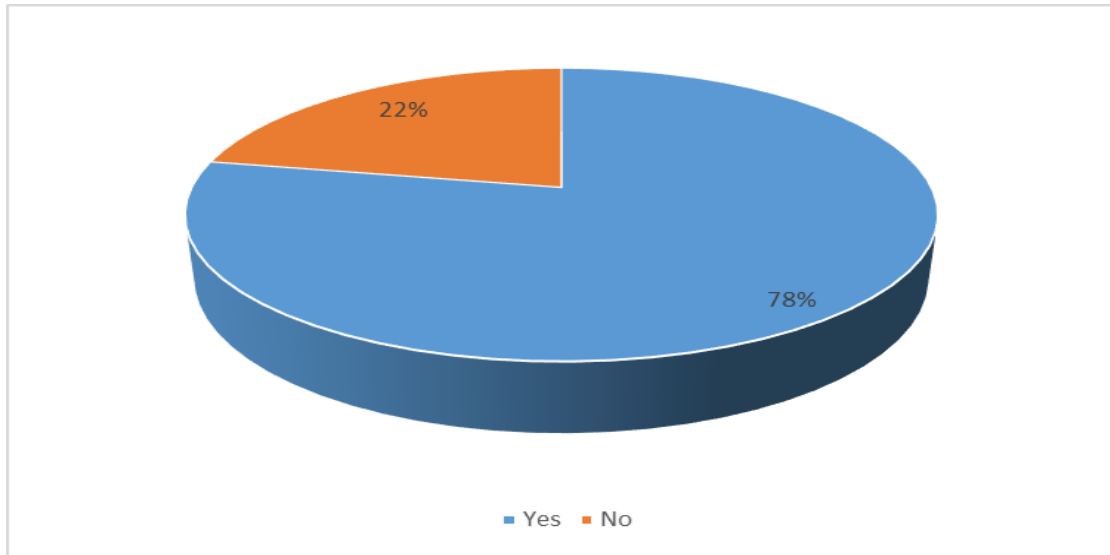


Figure 4.7. Firm Competition Based on Cost of Services

Source: Researcher, 2020

78% of the respondents indicated that firms competed based on the cost of services as their dominant strategy, while 22% gave the contrary position. This showed that majority of the firms were competing based on the cost of services.

4.4.1.2. Modern Technology and Efficient Services

The study also sought to establish how modern technology enabled firms to offer efficient services. According to the findings, modern technology enabled firms to provide services at ease and in an efficient manner. In addition, the findings indicated that modern technology enabled private security firms to provide services efficiently while taking cognizance of market dynamics and technology changes.

4.4.1.3. Descriptive Statistics of Cost Leadership Strategy

The study sought to understand the extent of agreement with cost leadership strategy. Respondents were requested to state their choices by answering questions that had been formulated using a 5-point Likert scale. Analysis of the data that was collected was done by the use of frequencies, means and standard deviation. The interpretation of the means was as follows: 1= strongly disagree; 2=disagree; 3=Neutral; 4=agree; 5=strongly agree. The results are presented in Table 4.4.

Table 4.4. Descriptive Statistics of Cost Leadership Strategy

Statement	Frequency	Mean	Std. Dev
Charging lower prices than competitors	59	3.8812	1.2664
Negotiating for discounts from suppliers	59	4.0414	1.1256
Firms focus on efficiency in service so as to gain price advantage	59	4.0922	1.2245
Firms focus on specialization to increase profit margins	59	4.1654	1.2098
Firms use technology to minimize the cost hence increased profit margins	59	4.1327	1.2344

The findings showed that the statement with the highest mean of 4.1654 and a standard deviation of 1.2098 was, firms focus on specialization to increase profit margins. Further, the findings indicate that firms use technology to minimize the cost hence increased profit margins as indicated by a mean of 4.1327 and a standard deviation of 1.2344. The statement with the lowest mean of 3.8812 and a standard deviation of 1.2664 was charging lower prices than competitors. The deduction from these results could be that firms focus on specialization to attract customers and increase profit margins. Additionally, the results indicated that firms use technology to minimize the cost hence increased profit margins and remain competitive.

4.4.2. Inferential Statistics

This area indicates the inferential statistics on the relationship between cost leadership strategy and competitive advantage as shown in the following subsections:

4.4.2.1. Relationship between Cost Leadership Strategy and Competitive Advantage

The researcher applied inferential statistics to determine the relationship between cost leadership strategy and competitive advantage in order to provide answers to the

research question. Pearson correlation and regression analysis tests were applied. The correlation of the variables was tested using the range -1 to +1. A value of -1 connotes a perfect negative correlation, whereas +1 indicates a perfect positive correlation. 0 value is an indication of no correlation at all. The findings are presented below in table 4.5.

Table 4.5. Pearson Correlation Test and Regression Coefficients for Cost Leadership Strategy and Competitive Advantage

Pearson Correlation Test						
				Competitive Advantage		
Cost leadership strategy (N:59)	Pearson Correlation			.522**		
	Sig. (2-tailed)			.000		
**Correlation is significant at the 0.01 level (2-tailed).						
Regression	Coefficients					
Model	Un-standardized Coefficients			Standardized Coefficients	T	Sig.
	B	Std. Error		Beta		
1	(Constant)	3.209	1.564		4.211	.000
	Cost leadership strategy	.411	.034	.356	3.998	.000
B: Dependent Variable: Competitive Advantage						

The correlation matrix was applied to establish the extent to which changes in cost leadership strategy contributed to changes in competitive advantage. The findings show P=.522, Sig 0.000<0.05. This is an indication that a significant positive association

between cost leadership strategy and competitive advantage of private security firms actually exists. A variable is considered significant if its p-value is less than 0.05.

Further, the relationship between the dependent and independent variables of the study was examined through regression analysis by the use of SPSS. It helped to establish the influence of cost leadership strategy on competitive advantage of private security firms. The findings of the analysis are depicted in Table 4.5.

The resultant regression model for the two variables is;

$$Y = 3.209 + .411X_1 + 1.564$$

From the regression, taking the independent variable (cost leadership strategy) at constant zero, competitive advantage of PSFs was 3.209. In addition, the findings indicated that considering the other independent variables at zero, then a unit rise in cost leadership strategy leads to a 0.411 rise in competitive advantage of private security firms.

4.5. Differentiation Strategy and Competitive Advantage

The second objective intended to examine the influence of differentiation strategy on competitive advantage of private security firms in Nairobi County. Analysis of the objective was effected through descriptive and inferential statistics as outlined in the subsequent subsections.

4.5.1. Descriptive Statistics

This part highlights descriptive statistics on providing unique services and agreement on differentiation strategy. The findings are presented in the following subsections:

4.5.1.1. Providing Unique Services

This sought to examine whether providing unique services gives a firm competitive advantage and improves service provision. The results are shown in figure 4.8.

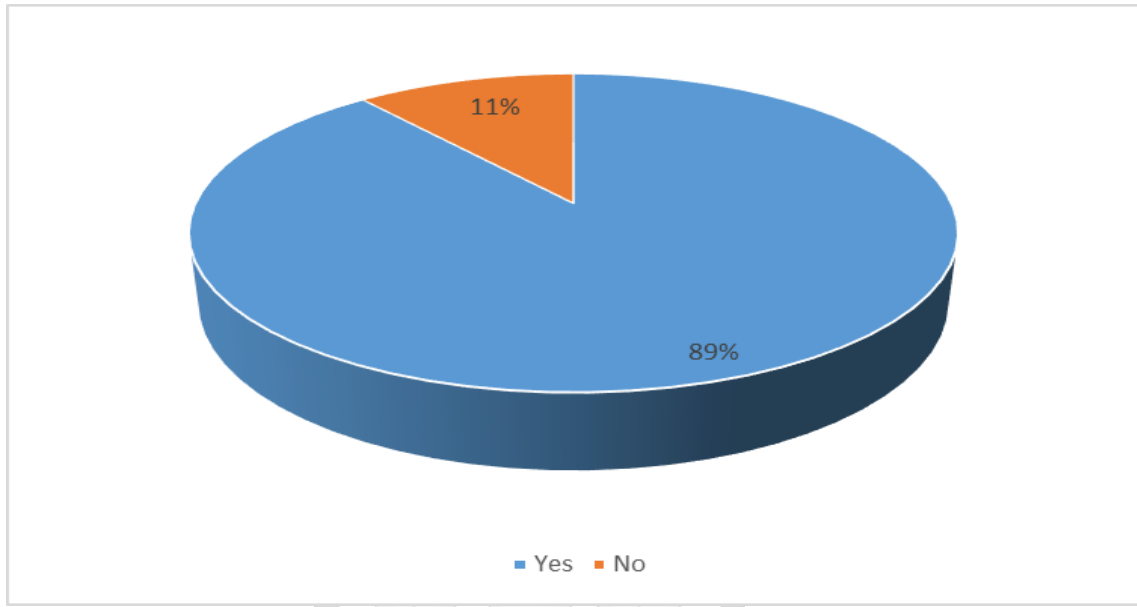


Figure 4.8. Providing Unique Services

Source: Researcher, 2020

The findings indicated that majority (89%) of the firms indicated that providing unique services at the company gave it a competitive advantage and improved service provision, while 11% stated otherwise. This showed that majority of the firms were providing unique services, which gave them competitive advantage and improved service provision.

4.5.1.2. Promotion of Image through Corporate Reputation on Quality

The study sought to establish whether a firm has promoted its image through corporate reputation on quality. According to the findings, most of the firms have devised ways through which they can differentiate their services in order to have a reputation of offering the best services as compared to other companies in the sector. The firms further indicated that, managers of the private security firms must always be skillful enough in developing strategies that would improve the competitive advantage of the particular firm.

4.5.1.3. Descriptive Statistics of Differentiation Strategy

On the extent of agreement or disagreement with differentiation strategies, the firms were required to show extent of their agreement or disagreement by answering questions that had been formulated using a 5-point Likert Scale. Means, standard deviations and frequencies were applied to analyze the data. The interpretation of the means was; 1=strongly disagree; 2=disagree; 3=Neutral; 4=agree; 5=strongly agree. Table 4.6 depicts the results obtained.

Table 4.6. Descriptive Statistics of Differentiation Strategy

Statement	Frequency	Mean	Std. Dev
Offering a wide range of services	59	3.9632	0.9654
Carrying out continuous study of customers' needs	59	4.1211	1.9122
Offering customers what they considered most important and valuable	59	4.1725	1.9023
Incorporating desired service features into products	59	3.9016	1.8954
Engaging high skilled staff	59	3.3265	1.9281
Promoting customer loyalty	59	4.0435	0.9068
Offering unique products that differed with competitors'	59	4.3112	0.8765

The findings showed that the firms that offered unique products that differed from those on offer by competitors scored the highest mean of 4.3112 and standard deviation of 0.8765. Moreover, the study findings indicated that the firms were offered customers what they considered most important and valuable as shown by a mean of 4.1725 and standard deviation of 1.9023. The statement with the lowest mean of 3.3265 and standard deviation of 1.9281 was that of engaging high skilled staff. The deduction from

these results could be that firms differentiated their products from their competitors, which attracted more customers. Additionally, the results indicated that the firms were offering services that were desired by customers thus increasing their reputation and hence remaining competitive.

4.5.2. Inferential Statistics

This area shows the inferential statistics on the relationship between differentiation strategy and competitive advantage as outlined in the subsequent subsections.

4.5.2.1. Relationship between Differentiation Strategy and Competitive Advantage

The researcher made use of inferential statistics to determine the inter-relationship between differentiation and competitive advantage, and to provide answers to the research question. Pearson Correlation and regression analysis tests were carried out. The correlation of the two variables was tested using the range -1 to +1. Generally, a value of -1 signifies a perfect negative correlation, whereas +1 signifies a perfect positive correlation. A value of zero is an indication of no correlation whatsoever. The findings are indicated below in Table 4.7.

Table 4.7. Pearson Correlation Test and Regression Coefficients for Differentiation Strategy and Competitive Advantage

Pearson Correlation Test				
		Competitive Advantage		
Differentiation strategy (N:59)	Pearson Correlation	.488**		
	Sig. (2-tailed)	.000		
**Correlation is significant at the 0.01 level (2-tailed).				
Regression	Coefficients			
Model	Un-standardized Coefficients	Standardized Coefficients	T	Sig.

		B	Std. Error	Beta		
1	(Constant)	3.209	1.564		4.211	.000
	Differentiation strategy	.345	.065	.423	3.998	.000

B: Dependent Variable: Competitive Advantage

The researcher made use of correlation matrix to find out the extent to which changes in differentiation strategy contributed to changes in competitive advantage. The findings show $P=.488$, $\text{Sig } 0.000 < 0.05$, which signifies a significant positive association between differentiation strategy and competitive advantage of private security firms. In order for a variable to be considered significant, its p-value should be below a value of 0.05. The relationship between the dependent and independent variables of the study was examined through regression analysis using SPSS. This helped to establish the influence of differentiation strategy on competitive advantage of private security firms. The results are shown in Table 4.6.

The resultant regression model for the two variables is;

$$Y = 3.209 + .345X_1 + 1.564$$

From the regression, taking the independent variable (differentiation strategy) at constant zero, competitive advantage of PSFs was 3.209. The findings from the analysis also indicated that considering all other independent variables at zero, a unit rise in differentiation strategy contributes a 0.345 rise in competitive advantage amongst private security firms.

4.6. Focus Strategy and Competitive Advantage

The third objective was to determine the influence of focus strategy on competitive advantage of private security firms in Nairobi County. Analysis of the objective was made possible through descriptive and inferential statistics as outlined in the subsequent subsections.

4.6.1. Descriptive Statistics

This part outlines descriptive statistics on firm's target on a particular market segment and the extent of agreement on focus strategy. The findings were presented in the following subsections:

4.6.1.1. Firm Target on a Particular Market Segment

The study intended to understand how the firm's target on a particular market segment enabled them to create brand loyalty. According to the findings the firm targeted a particular market segment with specific products of high quality and appealing to the customers. This created loyalty from the customers who always sought services from the particular firm hence increasing its competitive advantage.

4.6.1.2. Descriptive Statistics of Focus Strategy

The study intended to establish the extent of agreement by answering questions that had been formulated using a 5-point Likert Scale. The resultant data was analyzed by the use of means, standard deviations and frequencies. The interpretation of the means was; 1=strongly disagree; 2=disagree; 3=Neutral; 4=agree; 5=strongly agree. The findings are presented in Table 4.8.

Table 4.8. Descriptive Statistics of Focus Strategy

Statement	Frequency	Mean	Std. Dev
Servicing a targeted market	59	3.9522	1.0441
Offering different services to different geographical areas	59	4.3915	0.9145
Outsourcing support staff	59	4.2546	0.8076
Servicing customers with specialized needs	59	3.8809	0.9927

The findings showed that the statement bearing the highest mean of 4.3915 and standard deviation of 0.9145 was offering different services to different geographical areas.

Further, the findings indicated that firms were outsourcing support staff as depicted by a mean of 4.2546 and standard deviation of 0.8076. The statement having the lowest mean of 3.8809 and standard deviation of 0.9927 was servicing customers with specialized needs. The deduction from these results could be that firms were offering distinct services to a particular group or segment of customers in order to create loyalty, which would in turn increase their competitive advantage. In addition, the results indicated that the firms outsourced staff to gain experience, which would then be brought to the firm and in turn increase competitive advantage.

4.6.2. Inferential Statistics

This section outlines the inferential statistics on the relationship between focus strategy and competitive advantage as indicated in the following subsections:

4.6.2.1. Relationship between Focus Strategy and Competitive Advantage

The researcher made use of inferential statistics to determine the relationship between focus and competitive advantage and answer the research question, whereby Pearson Correlation and regression analysis tests were carried out. The correlation of the two variables was tested using the range -1 to +1. Generally, a value of -1 signifies a perfect negative correlation, whereas +1 would indicate a perfect positive correlation. A value of zero is an indication of no correlation at all. The findings are indicated in Table 4.9.

Table 4.9. Pearson Correlation Test and Regression Coefficients for Focus Strategy and Competitive Advantage

Pearson Correlation Test		
		Competitive Advantage
Focus Strategy (N:59)	Pearson Correlation	.402**
	Sig. (2-tailed)	.000
**Correlation is significant at the 0.01 level (2-tailed).		

Regression		Coefficients				
Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.209	1.564		3.987	.001
	Focus strategy	.317	.072	.398	2.456	.000

B: Dependent Variable: Competitive Advantage

The correlation matrix was made use of to determine the level to which changes in focus strategy contributed to changes in competitive advantage. The findings show $P=.402$, $\text{Sig } 0.000 < 0.05$, which signifies a significant and a positive association between focus strategy and competitive advantage of private security firms. A variable to be considered significant, its p-value should be below a value of 0.05.

The relationship between the dependent and independent variables of the study were determined through regression analysis using SPSS. This helped to understand the influence of focus strategy on competitive advantage of private security firms. The regression analysis was carried out through the application of SPSS and the findings are depicted in Table 4.9.

The resultant regression model for the two variables is;

$$Y = 3.209 + .317 X_1 + 1.564$$

From the regression, taking the independent variable (focus strategy) at constant zero, competitive advantage of PSFs was 3.209. The analyzed data also indicated that taking all the other independent variables at a value of zero, a unit rise in focus strategy causes a rise of 0.317 in competitive advantage of private security firms.

4.7. Factor Analysis

To establish the key factors which had an influence on competitive advantage, data was analyzed through factor analysis in order to establish the most important factors that were considered during decision making when adopting competitive strategies. The factors are shown in Table 4.10 below:

Table 4.10. Communalities

Statements	Initial	Extraction
Charging lower prices than competitors	1.000	.828
Negotiating for discounts from suppliers	1.000	.829
Incurring high cost to attract and retain skilled staff	1.000	.837
Incurring high cost to attract more customers	1.000	.840
Incurring high cost to maintain quality service	1.000	.778
Offering a wide range of services	1.000	.924
Carrying out continuous study of customers' needs	1.000	.883
Offering customers what they consider most important and valuable	1.000	.897
Incorporating desired service features into products	1.000	.975
Engaging high skilled staff	1.000	.909
Promoting customer loyalty	1.000	.954
Offer unique products that differ from those of competitors	1.000	.975
Providing services to a target market	1.000	.854

Offering differentiated services to different market areas	1.000	.935
Obtaining support staff through outsourcing	1.000	.820
Providing customers with specialized products or services	1.000	.833
Extraction Method: Principal Component Analysis.		

From the Table above, it was revealed that most factors had an extraction greater than 0.7 proportion of variance. The factor with the highest extraction was incorporating desired service features into products with 0.975, followed by offering unique products that differ from those of competitors with 0.975, promoting customer loyalty with 0.954, offering differentiated services to different market areas with 0.935, offering a wide range of services with 0.924, engaging high skilled staff with 0.909, offering customers what they consider most important and valuable with 0.897, carrying out continuous study of customers' needs with 0.883, providing services to a target market with 0.854, with incurring high cost to attract more customers with 0.84, incurring high cost to attract and retain skilled staff with 0.837, providing customers with specialized products or services with 0.833, negotiating for discounts from suppliers with 0.829, charging lower prices than competitors with 0.828, obtaining support staff through outsourcing with 0.82, and lastly, incurring high cost to maintain quality service with 0.778.

Table 4.11. Contribution of Extracted Variable

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	16.333	40.832	40.832	16.333	40.832	40.832
2	4.660	11.651	52.483	4.660	11.651	52.483
3	3.428	8.571	61.054	3.428	8.571	61.054
4	2.755	6.887	67.941	2.755	6.887	67.941

5	1.780	4.451	72.392	1.780	4.451	72.392
6	1.727	4.316	76.709	1.727	4.316	76.709
7	1.490	3.725	80.434	1.490	3.725	80.434
8	1.273	3.182	83.616	1.273	3.182	83.616
9	1.011	2.528	86.143	1.011	2.528	86.143
10	.921	2.303	88.447			
11	.783	1.958	90.405			
12	.587	1.467	91.872			
13	.490	1.224	93.096			
14	.464	1.160	94.256			
15	.401	1.003	95.260			
16	.378	.944	96.204			
17	6.797E-017	1.699E-016	100.000			
18	1.765E-017	4.412E-017	100.000			
19	3.064E-018	7.660E-018	100.000			
20	-1.018E-017	-2.546E-017	100.000			
Extraction Method: Principal Component Analysis.						

The findings from the Table above indicate that, the components with an Eigen value which was above 2.5 are the first 9 components. The 9 components explain 86.143% of the total data variability. The 9 components are probably adequate for making significant operational decisions in relation to the adoption of competitive strategies by private security firms. The components are the factors with the highest extraction value which includes: incorporating desired service features into products, followed by offer unique products that differ from those of competitors, promoting customer loyalty, offering differentiated services to different market areas, offering a wide range of services,

engaging high skilled staff, offering customers what they consider most important and valuable, carrying out continuous study of customers' needs, and providing services to a target market.

Table 4.12. Transformation Table

	Component								
	1	2	3	4	5	6	7	8	9
Charging lower prices than competitors	.059	-.251	.444	-.030	.579	-.044	-.051	-.424	-.209
Negotiating for discounts from suppliers	.133	.546	.513	.140	.324	.283	-.037	.134	.159
Incurring high cost to attract and retain skilled staff	-.145	.797	.002	-.100	.223	.240	.135	.164	.133
Incurring high cost to attract more customers	-.150	.746	.015	-.309	.030	.056	-.139	.088	.365
Incurring high cost to maintain quality service	.264	-.510	.360	-.467	.012	-.193	-.066	.243	.013
Offering a wide range of services	.865	-.123	-.326	-.135	-.049	-.019	.024	-.153	.097
Carrying out continuous study of customers' needs	.703	.182	.295	-.043	-.114	-.055	.111	.121	-.474
Offering customers what they consider most important and valuable	.931	-.009	.001	-.037	-.059	-.032	.108	-.008	.112
Incorporating desired service features into products	.959	.025	.166	.001	-.163	-.026	.008	.000	-.012

Engaging high skilled staff	.927	.038	.038	-.120	-.124	.056	-.048	.091	-.060
Promoting customer loyalty	.967	-.034	-.028	-.031	-.083	.014	-.048	-.079	-.009
Offer unique products that differ from those of competitors	.959	.025	.166	.001	-.163	-.026	.008	.000	-.012
Providing services to a target market	.785	-.134	-.326	-.120	-.066	.110	-.028	-.238	.161
Offering differentiated services to different market areas	.948	.056	-.042	-.036	-.130	-.013	-.012	-.088	-.069
Obtaining support staff through outsourcing	-.457	.052	.392	.093	-.004	.039	.638	-.167	-.103
Providing customers with specialized products or services	-.146	-.121	.329	.280	-.332	.434	-.556	-.014	.043
Extraction Method: Principal Component Analysis.									
a. 9 components extracted.									

4.8 Competitive Advantage

The dependent variable for the research was competitive advantage of the private security firms. During the study, the researcher sought to examine various aspects of competitive advantage. The study relied on descriptive analysis to analyze various aspects of competitive advantage. The results were depicted in the subsection below:

4.8.1. Descriptive Statistics of Competitive Advantage

The study intended to establish the extent of agreement by answering questions that had been formulated using a 5-point Likert Scale. The resultant data were analyzed by the use of frequencies, means and standard deviations. The interpretation of the means was; 1= strongly disagree; 2=disagree; 3=Neutral; 4=agree; 5=strongly agree. The results are indicated in Table 4.13.

Table 4.13. Descriptive Statistics of Competitive Advantage

Statement	Frequency	Mean	Std. Dev
Increased productivity	59	3.9232	1.3524
Increased profitability	59	3.9251	1.1912
Increased market share	59	3.3876	1.2422

The findings showed that the statement with the highest mean of 3.9251 and standard deviation of 1.1912 was the one on increased profitability. Further, the findings indicated that firms had increased productivity as depicted by a mean of 3.9232 and standard deviation of 1.3524. The statement with the lowest mean of 3.3876 and standard deviation of 1.2422 was increased market share. The deduction from these results could be that firms had increased profitability as a result of adopting competitive strategies.

4.9. Chapter Summary

This whole chapter concentrated on the demonstration of the findings that were obtained from the study. The research findings were presented in order of the research objectives. Data analysis relied on descriptive analysis and inferential analysis, mainly Pearson correlation test and regression analysis. The correlation analysis showed a significant positive association between cost leadership strategy, differentiation strategy and focus strategy on competitive advantage.

CHAPTER FIVE: SUMMARY, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The main objective of the study was to examine the extent to which competitive strategies influence competitive advantage of private security firms in Nairobi County. The chapter highlights the summary, conclusions, and recommendations arising from the study. It further presents suggestions that may be picked for further research, which would enhance the body of knowledge.

5.2. Summary

The study set out to examine the extent to which competitive strategies influence competitive advantage of private security firms in Nairobi County and focused on the Porter's competitive advantage theory and the Resource-based view theory. Emphasis was given to the Porter's generic competitive strategies which are cost leadership strategy, differentiation strategy and focus strategy. The study applied descriptive research design. Seventy-one (71) private security firms in Nairobi County that are members of KSIA were picked as the target population. The study used census method, which applied statistical enumeration whereby all the 71 firms were considered.

A questionnaire was utilized as the appropriate instrument of data collection and the researcher used descriptive statistics such as the mean and standard deviation to present the collected data. Statistical Package for Social Sciences (SPSS) software version 24 was utilized to get the output of the collected data. Further, the study applied inferential statistics such as multiple regression analysis to establish the relationship between competitive strategies and competitive advantage. Correlation analysis was made use of to determine the relationship between the dependent and independent variables. Content analysis was applied to analyze the collected qualitative data.

Firstly, descriptive statistics indicated that the statement with the highest mean of 4.1654 and standard deviation of 1.2098 was firm's focus on specialization to increase profit margins. Secondly, the correlation analysis showed a significant positive association

between cost leadership strategy and competitive advantage while the regression analysis indicated that a unit increase in cost leadership strategy resulted in a 41.1% change in competitive advantage, when other variables were held constant.

Thirdly, in regards to differentiation strategy, descriptive analysis revealed that the highest consensus was that firms offered unique products that differed from those on offer by competitors, as indicated by mean of 4.3112. The correlation analysis showed a significant positive association between differentiation strategy and competitive advantage while the regression analysis indicated that a unit rise in differentiation strategy resulted in a 34.5% change in competitive advantage, holding other variables constant.

A change in focus strategy had the lowest effect on competitive advantage. Regression results showed that a unit change in focus strategy resulted in a 31.7% change in competitive advantage. Additionally, descriptive results showed that the statement bearing the highest mean of 4.3915 and standard deviation of 0.9145 was the one on offering different services to different geographical areas. Lastly, correlation analysis showed a significant positive association between focus strategy and competitive advantage.

5.3. Discussion of Findings

This area outlines the major findings picked from the study in line with the research objectives and shows how the findings relate to the literature review.

5.3.1. Cost Leadership Strategy and Competitive Advantage

The first objective intended to establish the extent to which cost leadership strategy influences competitive advantage of private security firms in Nairobi County. The study findings showed that firms were competing based on the cost of services as the dominant strategy, meaning that cost leadership strategy was an important tool towards increased performance and competitive advantage of PSFs. The results also indicated that modern technology enabled firms to provide services at ease and in an efficient manner. In addition, the findings indicated that modern technology enabled private security firms to provide services efficiently while taking cognizance of market dynamics and technology

changes. The findings agreed with a study by Kasyoka (2011) who stated that when cost leadership strategy was adopted and the cost of goods and services lowered, the firm was in a position to achieve and maintain a sustainable competitive advantage.

The study also found that modern technology enabled firms to provide services at ease and in an efficient manner. In addition, modern technology enabled private security firms to be able to provide services efficiently while taking cognizance of market dynamics and technology changes. The findings agreed with a study by Carroll (2016) who stated that competitive advantage through technology enabled private security firms to be able to provide services efficiently while taking cognizance of market dynamics and technology changes. However, the strategic options on the adoption of competitive strategies by private security firms in Kenya and the quest to gain competitive advantage depends on market demand, business environment, and internal and external factors.

5.3.2. Differentiation Strategy and Competitive Advantage

The second objective was intended to assess the extent to which differentiation strategy influences competitive advantage of private security firms in Nairobi County. The findings indicated that most of the firms were providing unique and differentiated services as a dominant strategy, which enhanced their competitive advantage and improved service provision. The findings agreed with a study by Prajogo (2007) who showed that differentiation strategy, unlike cost leadership strategy, predicted product quality. Quality is the realization of 'cost consciousness', which means that, when a firm embraces quality, it not only offers better quality products or services relative to competitors but also lowers cost level. The overall effect of differentiation in terms of quality is enhanced competitive advantage.

The study also found out that most of the firms had devised ways through which they can differentiate their services in order to have a reputation of offering the best services as compared to other firms in the sector. The findings agreed with a study by Muchira (2005) who stated that formal private security firms used differentiation strategies in a big way, aimed at enhancing their performance and achieving a competitive advantage. Further, the study established that managers of the private security firms must always be

skillful enough in developing the strategy that would contribute to enhance the competitive advantage of the particular firm.

5.3.3. Focus Strategy and Competitive Advantage

The third objective was intended to determine the extent to which focus strategy influences competitive advantage of PSFs in Nairobi County. The results showed that the firm targeted a particular market segment with specific products of high quality and that were also appealing to the customers. This created loyalty by the customers who always sought services from the particular firms, leading to enhanced competitive advantage. The findings concurred with a study by Pinar and Girard (2013), who did a study on the influence of focus strategy on firm's profitability and security business performance on Turkish firms. Arising from the study, it was established that focus strategy had a significant impact on firm's performance as it creates company loyalty. Additionally, the study found out that focus strategy enabled the firm to maximize on its performance. Gunasekaran and Mavondo (2013) examined the relationship between focus strategy and competitive advantage among companies in Australia which found out existence of significant variations in the configuration of firm's performance when focus strategy was adopted. This means that focus strategy affected the overall performance of firms and hence the competitive advantage.

5.4. Conclusions

The study made a conclusion that there was a significant positive association between cost leadership strategy and competitive advantage. In addition, modern technology enables private security firms to be able to provide services efficiently while taking cognizance of market dynamics and technology changes. In regards to differentiation strategy, the conclusion from the study was existence of a significant positive correlation between differentiation strategy and competitive advantage. Arising from the questionnaire, the highest consensus was that firms offered unique products that were also differentiated from those on offer by competitors, as depicted by mean of 4.3112.

Further, the study concluded that most of the firms have devised ways through which they can differentiate their services in order to have a reputation of offering the best

services as compared to other firms in the sector. The study also concluded that managers of the private security firms must always be skillful enough in developing the strategy that would make a contribution in the enhancement of the competitive advantage of the particular firm. Relating to focus strategy, the study concluded that the firm targeted a particular market segment with specific products of high quality and which are appealing to the customers. This created loyalty by the customers who always sought services from the particular firm, leading to enhanced competitive advantage. The study made a conclusion of existence of a significant positive association between the Porter's generic competitive strategies and competitive advantage.

5.5. Recommendations

Firstly, competition amongst players in the private security industry continues to increase with increasing number of private security firms and customer consciousness on quality and professionalism in private security services. In order for the firms to enhance their ability to compete sustainably in the industry, they should adopt strategies that propel them towards achieving competitive advantage and an edge over their competitors. Private security firms can achieve this by benchmarking best practices and competitive strategies. The firms must also develop retention policies that attracts and retains high quality staff for enhanced professionalism.

Secondly, investors who intend to venture into private security business should inculcate and adopt policies that are aimed at enhancing management practices. Ingredients such as quality of products or services, effective monitoring and evaluation mechanisms, efficient dispute redress processes, commitment to employee satisfaction and other programmes geared towards competitiveness, must form part of the daily top management plan.

Lastly, in cognizance of the fact that insecurity continues to increase in Kenya and globally, a situation that will require many smaller and large PSFs in order to fill the gap, it is recommended that the small PSFs work hard to learn from the large firms. This is because most of the large firms have already established systems and adopted growth strategies that entrench their positions in the competitive market. By understudying the

large firms, the small PSFs will be able to effectively compete in provision of private security services.

5.6. Limitations of the Study

The study only focussed on the large PSFs in Nairobi County who are members of KSIA. It is possible that different findings with different levels of significance would have been obtained if the study focussed on more firms including both small and large PSFs in Nairobi and other areas in Kenya. This would have required more resources and time. Since Marketing Managers and the Chief Executive Officers are busy personalities in an organization, it was challenging for them to spare time from their tight schedules. The study would have been better and the findings much more representative if the response rate from all the firms was 100 percent. The small gap was partly occasioned by the targeted respondents' inability to find time to complete the questionnaire.

Despite assurances to the respondents by the researcher on confidentiality of information, a number of respondents were still apprehensive that releasing some of their confidential information could be leaked to competitors. This challenge was compounded by the fact that the study was focussed on security firms who are custodians of a lot of privileged information whose sharing would in one way or the other compromise the operations of the firm. However, the problem was partially mitigated through reassurance to the participants on restricted access and use of the information for only academic purposes. Further, time constraints affected collection of data and it had to be rushed. This is because the researcher is an employee in a busy company which made it difficult to secure permission from management to go for data collection. All this notwithstanding, the researcher was able to collect the required data within the expected time.

5.7. Suggestions for Further Research

This research focused on the extent to which competitive strategies influence the competitive advantage of private security firms in Nairobi County. The emphasis was on the major PSFs. The fact is that there are many smaller PSFs within Nairobi County and other areas in Kenya. It would be important to research on the competitive strategies and their impact on competitive advantage of the small PSFs in Kenya. This is also due to

the fact that private and public institutions continue to rely on PSFs for security services. Further, the study focused on how each competitive strategy affected competitive advantage of PSFs, holding other variables constant. This prevented deeper interrogation of all aspects related to the study and the interrelationships of the study variables. It would be informative to know how the research variables affect one another and how they relate when other measures of competitive advantage, both financial and nonfinancial, are assessed.



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APPENDICES

APPENDIX I: INTRODUCTION LETTER

TO THE MANAGING DIRECTOR

.....

Dear

RE: REQUEST TO COLLECT DATA FOR ACADEMIC RESEARCH

I, Nicholas Mutunga, am a student at Strathmore Business School, Strathmore University, undertaking studies in the Master of Business Administration (MBA) program. As part of the University requirements for award of the degree, I am meant to undertake and present a research project as evidence of understanding of concepts and also to gain practical skills. Accordingly, the topic of the study will be '**Influence of competitive strategies on competitive advantage of private security firms in Nairobi County**', and I have identified your firm for purposes of data collection.

The aim of this letter is to request for your approval and authorization to collect data through interviewing some of your staff dealing with performance of the firm and with background information of the firm. Your responses and support during data collection will significant in helping me summarize the study findings as well as the study conclusion. Additionally, I will be able to come up with the necessary recommendations that will enhance the existing body of knowledge. The data you provide will be protected and used purely for academic purposes. Finally, the identification of the respondents will be held in confidence.

Thank you, and I appreciate your cooperation.

Yours Faithfully,

NICHOLAS KISYANG'A MUTUNGA

MBA/099963

APPENDIX II: QUESTIONNAIRE

The purpose of this questionnaire is to collect appropriate information for use by the researcher to facilitate research in the field. Your kind cooperation and participation will be very useful in providing relevant information, which will be required to complete this research. The information that you provide for this purpose will be held in utmost confidentiality and access will be highly restricted. You may choose on whether to disclose your name or not.

PART A: GENERAL BACKGROUND INFORMATION

1. Name of the Firm

.....

2. Role and position in the Firm

.....

3. How many years has your firm been in operation? (please tick as appropriate)

Less than one (1) year []

Between 1 and 5 years []

Between 6 and 10 years []

Between 11 and 15 years []

Over 15 years []

4. From the stated categories, kindly indicate the ownership or type of your firm
(Please tick one)

Sole proprietorship []

Partnership []

Company []

5. Kindly indicate the nature of ownership of your company

Fully locally owned []

Fully foreign owned []

Local and foreign owned []

6. How many people are employed by your firm?

Less than 1000 []

1001-5000 []

5001 and above []

PART B: COST LEADERSHIP STRATEGY

7. Does your firm compete based on cost of services as the dominant strategy?

Yes [] No []

If yes, briefly explain

.....
.....
.....

8. Describe how modern technology has enabled your firm to offer services with low expenses

.....
.....
.....

9. Kindly state the extent to which you agree with the following statements on cost leadership strategy in relation to your firm.

Statement	1	2	3	4	5
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					
Incurring high cost to maintain quality service					

PART C: DIFFERENTIATION STRATEGY

10. Do you think providing unique services at your company gives you a competitive advantage and improves service provision more than other strategies?

Yes [] No []

11. Explain how your firm has promoted its image through corporate reputation on quality

.....

12. Kindly state the extent to which you agree with the following statements on differentiation strategy in relation to your firm.

Statement	1	2	3	4	5
Offering a wide range of services					
Carrying out continuous study of customers' needs					
Offering customers what they consider most important and valuable					
Incorporating desired service features into products					
Engaging high skilled staff					
Promoting customer loyalty					
Offer unique products that differ from those of competitors					

PART D: FOCUS STRATEGY

13. Describe how your firm target on a particular market segment enables it to create brand loyalty.

.....

14. Kindly state the extent to which you agree with the following statements on focus strategy in relation to your firm.

Statement	1	2	3	4	5
Providing services to a target market					
Offering differentiated services to different market areas					
Obtaining support staff through outsourcing					
Providing customers with specialized products or services					

PART D: COMPETITIVE ADVANTAGE

15. Kindly state the extent to which adoption of competitive strategies improve competitive advantage.

Statement	1	2	3	4	5
Increased productivity					
Increased profitability					
Increased market share					

Key: Scale 1-5, where 1= strongly disagree; 2=disagree; 3=Neutral; 4=agree; 5=strongly agree

END

THANKYOU FOR YOUR PARTICIPATION

**APPENDIX III: LIST OF LARGE PRIVATE SECURITY FIRMS IN NAIROBI
COUNTY**

1. Access Security Company
2. Apache Group Ltd
3. Armytex International Security Services
4. ARN Security Consultants \$ Training
5. B2K Services Ltd
6. Babs Security
7. Bedrock Security Services Ltd
8. Brinks Security
9. Cobra Security
10. Collindale Security Ltd
11. Concierge East Africa Ltd
12. Corporate Security
13. Crest Security Ltd
14. CyberTrace Security
15. Dean Security Ltd
16. Dolfine Secure Services Ltd
17. East African Tanners
18. Echo Security Ltd
19. Fidelity Security
20. Flashcom Security Ltd
21. Frontier Intergrated Solutions
22. FSI Worldwide
23. Gibbor Security Company Ltd
24. Gordon Davies Security Services
25. Group 4 Security Services
26. Guard Force
27. Hatari Security Guards
28. Intercity Secure Homes



29. Internal Security Services Ltd
30. International Reserve Group
31. Ismax Security
32. JRS
33. Kenwatch Security Services Ltd
34. Lavington Security Ltd
35. Magnum Allied Systems Ltd
36. Mastone Investigators
37. Microsa Security Ltd
38. Mongoose Property Cares Ltd
39. Mugi Fresim
40. Natuc Laws Security
41. Nine One One (911) Group Ltd
42. Noosim Security Guards
43. Octagon Services Ltd
44. Opticom Kenya Limited
45. Patriotic Group of Companies
46. Pelings Security
47. Pinkertons Limited
48. Prospec Security Ltd
49. Radar Security
50. Riley Falcon
51. Riley Services
52. Samarmar Security Services Ltd
53. SecurKenya Group Ltd
54. Secureman Services Ltd
55. Securex Agencies Kenya Ltd
56. Security Group Limited
57. Sentinel Protection Services Ltd
58. Sentinel Security Ltd
59. Sipa Spikse Ltd



60. Sperian Services Ltd
61. Stallion Group Africa Limited
62. Tandu Alarms
63. Texas Alarms Ltd
64. Total Security
65. Trustwave Security Ltd
66. Ultimate Security Solutions
67. Wasko Security Guards Ltd
68. Winguards Services Ltd
69. Winstar Security
70. WS Insight
71. XFOR Security Solutions (KE) Ltd

Source: Kenya Security Industry Association (KSIA) (2020)



APPENDIX IV: ETHICAL APPROVAL



Strathmore
UNIVERSITY

24th August 2020

Mr Mutunga, Nicholas
nkmutunga@gmail.com

Dear Mr Mutunga,

RE: Influence of Competitive Strategies on Competitive Advantage of Private Security Firms in Nairobi County


This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0878/20**. The approval period is **24th August 2020 to 23rd August 2021**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
- iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://oris.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,






Dr Virginia Gichuru,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC



Ole Sangale Rd, Madaraka Estate. PO Box 59857-00200, Nairobi, Kenya. Tel +254 (0)703 034000
Email info@strathmore.edu www.strathmore.edu

APPENDIX V: NACOSTI PERMIT

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 714209	Date of Issue: 04/September/2020
RESEARCH LICENSE	
	
This is to Certify that Mr.. NICHOLAS Kisyang'a MUTUNGA of Strathmore University, has been licensed to conduct research in Nairobi on the topic: INFLUENCE OF COMPETITIVE STRATEGIES ON COMPETITIVE ADVANTAGE OF PRIVATE SECURITY FIRMS IN NAIROBI COUNTY for the period ending : 04/September/2021.	
License No: NACOSTI/P/20/6473	
714209 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.	

APPENDIX VI: PARTICIPANT INFORMATION AND INFORMED CONSENT

Title of the proposed study: Influence of Competitive Strategies on Competitive Advantage of Private Security Firms in Nairobi County

SECTION 1: INFORMATION SHEET

1.1: Investigator: Nicholas Kisyang'a Mutunga

1.2: Institutional affiliation: Strathmore Business School (SBS)

SECTION 2: INFORMATION SHEET–THE STUDY

2.1: What is the purpose of this study?

It is being carried out as a requirement for academic qualifications. It forms part of a research project that is required to qualify to be awarded with a degree of Master of Business Administration by Strathmore University.

2.2: Is it a must that I participate?

You do not have to participate in this study. It is entirely upon you to choose to take part or not. In case you opt to participate, you will be requested to fill-up a questionnaire to obtain information on various aspects of your firm. Some of the details you will be requested to provide are; Your firm's name, the level and position you hold in the company, years the company has been in business, number of personnel employed, ownership of the firm amongst others. For whatever reason, if you are unable to attend to all the questions at the first instance, you could be taken through a session where the unclear or difficult areas are thoroughly explained following which you are allowed a second chance to attempt the questions. However, you are at liberty to withdraw from the session at will as you may wish.

2.3: Which people or companies are eligible to participate in this study?

Those eligible to take part in the study are either the Marketing Managers or the Chief Executive Officers of private security firms in Nairobi County. The firms comprise members of the Kenya Security Industry Association (KSIA).

2.4: Which people or companies are not eligible to participate in this study?

People who are not employees of the target private security firms and employees of the firm who are not either the Marketing Manager or the Chief Executive Officer.

2.5: What is involved in my taking part in this study?

The researcher or a research assistant will come to you. Certain critical aspects of the study will be explained to you until you are satisfied and ready to proceed with it, if you are agreeable. At the point that you feel that you fully understand the purpose and everything that the study seeks to achieve, you will be requested to sign an informed consent form, which is this form. Once you sign the form, a set of questions contained in a questionnaire will be explained to you and then you will be asked to fill it. You will have 14 days to complete the questionnaire following which they will be collected.

2.6: Do I face any risks or dangers if I participate in this study?

There are no risks in taking part in this study. All the information you provide will be treated as confidential and will not be used in any way without your express permission. The information will only be consumed for academic use and will not be shared with any person or company that may use it for the detriment of your operations.

2.7: What are the benefits of participating in this study?

Your participation in this study is very important. This is because, the contribution that you make in terms of providing information on the areas of interest for the researcher, will greatly assist in the completion of the research project. Further, the compiled information will be used to enhance the running and management of private security firms. Specifically, the findings of the study will be crucial in outlining the challenges faced by private security firms in the competitive market as well as the competitive strategies that the firms must adopt to compete effectively.

2.8: What is likely to happen to me if I choose not to participate in this study?

Whether to take part or not in this study is purely for you to choose. You are free to choose to do what you feel like. In fact, if at first you elect to participate but mid-way

you feel uncomfortable and wish to withdraw, you are at will to withdraw. You owe no one any explanation by so doing. If you elect to proceed to fill up the questions, you may even skip and decline to attend to any question that you may be uncomfortable about. All this is within your discretion and the researcher will not require you to account for any actions or decisions that you choose to take relating to the study.

2.9: Who will access the information that I will provide?

Access to all the information obtained during this research will be restricted. The records relating to this research will be stored properly in cabinets which will be locked. The cabinets will be placed in secure locations to deter unauthorized access and breakages. In as much as the information may be made available in certain platforms for access by certain individuals and parties, it's effectively protected through encryptions and passwords. Please note that the individuals and parties who will be authorized to gain access to the information are the only ones who may have a direct link with the study.

2.10: If I have additional questions who may I contact?

You may communicate with me, **Nicholas Kisyang'a Mutunga**, at Strathmore Business School, or by e-mail (nkmutunga@gmail.com), or by phone (+254-724 827 099). You can also contact my supervisor, **Dr. Fredrick Oduori**, at the Strathmore Business School, Nairobi, or by e-mail (foduori@strathmore.edu) or by phone (+254-722 481 780).

In case you wish to make independent enquiries about this research please contact:

The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email ethicsreview@strathmore.edu, Tel number: +254 703 034 375.

I, _____, confirm that all the issues about this study have been clarified. I further affirm that I have asked all the questions that I needed to ask and all of them have been answered to my satisfaction. I have read and understood the questions. I have been provided with the contacts of the person and institution that I need to contact in case issues arise and I need further clarifications.

Mark by a tick the box that shows your choice;

Do you agree or disagree to take part in the study?

AGREE

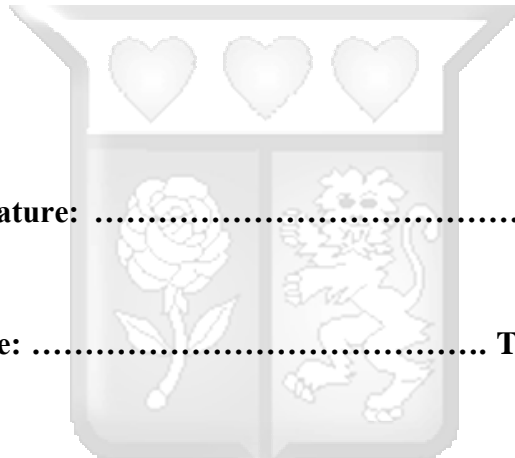
DISAGREE

Information storage

On completion of the questionnaire, the collected and compiled information may be stored for future use, reference or data analysis. Do you agree or disagree?

AGREE

DISAGREE



Participant's Signature: **Date:**

Participant's Name: **Time:**

I, _____ do hereby certify that; I have been guided by the Standard Operating Procedure (SOP) required in this study. I have availed all the necessary information to the aforementioned participant and have clarified all the issues that s/he raised including effectively addressing all her/his questions. The participant has confirmed that s/he fully understands the requirements and the purpose of the study and has agreed without coercion to take part in it.

Investigator's Signature: **Date:**

Investigator's Name: **Time:**