

# Influence Of Generic Strategies And Operational Performance Of Taxi-Hailing Companies In Nairobi City County, Kenya

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*Abstract: In business, performance measurement is essential as a method for continuous improvement and a tool for boosting a company's performance and output while reducing expenses. Cost leadership, differentiation, and concentration are generic ideas that assist gain competitive advantage. Companies must develop methods to increase their profitability and market share. The expansion of taxi-hailing services' customer base has resulted in an increase in transactions, prompting the adoption of the above-mentioned general practices in adjusting their strategies to meet their current and long-term needs. This research aims to investigate the effect of generic tactics on the operational performance of taxi-hailing companies in Kenya. The investigation will be driven by the idea of contingency and Porter's notion of generic tactics. This research will use a descriptive approach. Kenyan taxi-hailing services registered with the NTSA will comprise the study's target population. Utilizing self-administered questionnaires to collect main data. Participants will be recruited for the research by proportional stratified sampling. A sample size of 500 taxi-hailing businesses will represent the three strata. The use multiple regression analysis will determine the nature and magnitude of correlations among the two variables. The features of the variables will be described using descriptive statistics.*

## I. INTRODUCTION

### A. BACKGROUND OF THE STUDY

The requirement of value creation, preservation of competitive advantages that configures organizational performance has become more apparent due to the ever-changing business dynamics. Communication techniques have improved as a result of the growth of technology, money, and expertise, making it increasingly difficult for service sectors to build and sustain a competitive edge. Furthermore, companies have found it increasingly difficult to formulate effective plans due to the growth of worldwide and regional rules and legislation. As a result, businesses in industries with a lot of competition and simple entry, like transportation - particularly taxi services - must be frugal with their innovation initiatives in order to be profitable and responsive to change (Ouma & Oloko, 2017).

The transportation industry is one of the industries that has a considerable impact on a country's economic development and progress (Okwako, 2017). Kenya's

transportation sector accounts between 5 to 15% of the country's GDP. Nonetheless, the transportation industry has a huge impact on society in addition to economic growth since it delivers appropriate, effective, and efficient services (Okwako, 2017). Taxis have long been one of the most common modes of transportation in the world. Kenya has seen a digital revolution that has aided in the rapid rise of ICT, which has impacted all parties, including users, operators, and the government (Mureithi, Ndemo & Weiss, 2017). A number of internet-based businesses, including cab hailing services, have opened shop in Nairobi, which have been warmly received by consumer groups and locals (Wesangula, 2016). Taxi-hailing firms such as Uber, Bolt, and LittleCab, among others, arose as a result of the recognition that by distinguishing the traditional taxi business model, they might expand and have a beneficial influence on the overall performance of the taxi industry (Wakhu, 2019). Since the introduction of Uber in 2015, followed by Taxify in 2016, the taxi-hailing industry has seen a surge in innovation.

Taxi-hailing apps are growing in popularity in New Orleans due to higher customer value than most incumbents in

urban areas. According to Daryanto (2019), the global trend of ride-hailing platforms is sweeping Indonesia, indicating a desire for fast, efficient and cost-effective transportation. As ride-hailing services become increasingly important in Indonesia, the meteoric rise of now larger companies continues to shake up the transportation industry.

Several reports have been released in Africa outlining the present situation of ride-hailing apps and the rising competitiveness of Africa's 56 ride-hailing companies in the ride-sharing economy (Oreva, 2016). Uber aspires to monopolize the transportation business in Africa, according to the United Nations Africa Renewal (2017), but it confronts fierce competition from local firms, prompting African digital entrepreneurs to build their own applications to provide a variety of transportation services. Africa Ride is a local business that takes payments using a mobile wallet software that is growing popularity among South Africans. It provides a variety of payment choices, including weekly and monthly payment plans. Nigeria has quickly developed into one of the continent's most important e-hailing marketplaces. When Uber commenced operations in Lagos in 2014, it was the first e-hailing platform to enter the Nigerian market. E-hailing platforms have expanded their operations across the country's main cities since then, capitalizing on the country's inadequate public transit infrastructure, large population, and growing urbanization (Cenfri, 2020).

Locally, Safaricom joined the digital taxi industry with Little Cab, while Senga, a Kenyan company, entered the battle with an on-demand network connecting shippers and carriers of commodities, which was released in public beta (Njanja, 2016). Increased innovation in the taxi-hailing field has sparked fierce rivalry among service providers, resulting in the provision of low-cost and dependable transportation options (Gitau, 2018). Because of the fierce competition among cab hailing businesses, they have been obliged to constantly develop or enhance their products in order to retain their lead in the race to entice more users to use their app (Wesangula, 2016).

A fleet administration system, that be in charge vehicle pursue, distribution, and pricing, and an movement running an organization system, that ensures that vehicle driven on streets happen in good active order what drivers supply superior customer service, exist essential components of new taxicab services. By providing a political stance for customer to hail a cab, taxicab-hailing trade cut their overheads and capital obligation (Walton, 2014). This relieves ruling class of the costs of means of attaining end maintenance in addition to person engaged in private ownership of business lost all along repair cycles (Bansal, 2019). As a result, the taxicab-salute business fashionable the country with its own government, particularly fashionable Nairobi, carry on to develop at a very quick pace, owing to increasing from another country and domestic lent for a return. As a result, businesses must provide these services in order to establish general plans that will improve their long-term success. Cost leadership approaches, differentiation strategies, and focus strategies will be examined in this study to see how they affect the operational performance of Kenyan taxi-hailing enterprises.

#### *a. OPERATIONAL PERFORMANCE*

Operational performance is best explained in speech as the emphasis on which all trade parts fashionable an organization agree to attain a primary trade objective of an activity (Greene, 2018).

Operational performance measurement may take place within an arranging fashionable status of relationship of sales information in visible form on which customers order for the majority of the moment of truth and what happens haphazardly, as well as the handling of illness (Moore, 2012); it can also be used in contact with the person being paid for working for another or a corporation through engaging bureaucracy and bearing regular appraisals (Anyango, Wanjau & Mageto, 2013). Performance measures concede possibility happen characterized as having to do with money and non-having to do with money. Kaplan and Norton, (1992) and Richard and others, (2009) considered functional accomplishment as a multidimensional assemble top having to do with money performance sign, services-related effect, change and within organizational processes.

Performance measurements are typically visualized as revolutionary signs that aid individuals controlling an organization to forecast arrangement's financial performance, and they play an important role in fashionable arranging. Organizations are regularly confronted with the task of selecting high-quality performance indicators. Poor portrayal measure selection frequently produces the incorrect impact, which then provides the wrong indications for managers, resulting in poor decision making and offensive outcomes. There are significant hidden costs associated with the trendy use of incorrect performance indicators, model overinvestment, or the acquisition of something that does not pay off. In the aforementioned example, it is not because management is inept; rather, there are ineffective efficiency measures in place, which force management to make poor judgments in the first place.

Our examination of works that focus on objective metrics of portrayal yielded a few conclusions. First, it should be recognized from the existing literature that research focusing on in-person objective measurements of efficiency do not match the quantity and intensity of studies focusing on second hand emotional evaluations of acting. This is because, as stated before in the paper, consistent and comparable information in visible form prior to objective measures is difficult to get for a variety of reasons. Second, there is no consistency in the state of the link between the objective acting measures selected by researchers in different studies, which leaves it open to dispute when the theory meets expectations. There are additional issues with active accompanying objective measures, for example, several objective information in visible form located studies use a cross-divided design, the dependability and validity of which vary in different designs – post-predicting, backward-looking, contemporaneous, or predicting – each design has its own disadvantages (Wright and others., 2005). There is yet to be a consensus among researchers as to which design is the most appropriate and reliable.

The method through which organizations attain their most beautiful object or person, mission, and goal while minimizing

costs to maximize profits is known as performance. According to Dignum, they are the bring to a successful conclusion results as opposed to the engaged (2019). Furthermore, Zubair (2017) claims that the main purpose of a party is to make profit, and that the primary responsibility of the arranging is to discover a solution in order to gradually raise the profit of the allure organization. Varied firms with vested interests have different needs in contact with the company that must be managed alone, and these demands, in addition to presenting diverse facial features of act, are presented (Selvam, 2016). The topic of functional performance has been a hot topic in action research, and it has sparked a slew of additional inquiries, such as why companies vary, how they operate rationally, and how they choose strategies, as well as how they are taught (Porter, 1991). The general plan of action enables a business to work effectively and to provide or enjoy a comfortable environment.

The general plan of action allows companies to achieve a goal of back-and-forth competition and, as a result, likely enhance buyer of products giving or enjoying a comfortable condition of the company. Cost direction, distinctiveness, and emphasis are all part of the general strategy for developing a mental or physical back-and-forth competition and, as a result, functional depiction. This research for that reason seeks to base the influence of general strategies in contact functional depiction of taxi-salute association in Kenya, utilizing raised lucratively, return of investment, return of money invested in possession, and raised market share as the versification for weighing improve operational conduct.

#### *b. GENERIC STRATEGIES*

Michael Porter (1980) submitted four common business plan of action that maybe adopted in consideration of gain back-and-forth competition. These strategies have connection with the range to which the extent or range of something and the range to which trade inquire to differentiate their result or goods created. Generic plan of action is engaging attention in what way or manner organizations go up against in contest inside their industries and in what way or manner they position themselves concerning their person willing to enter contest (Njuguna, 2015). The importance of common plan of action as a determinant of a firm's back-and-forth competition bear increased extremely fashionable the last decade. The generic plan of action allows organizations to bring to successful conclusion back-and-forth competition and serve to make or become better services satisfaction of the firm, (Porter, 1991).

Porter uses the term common plan of action in welcome work to writing specific plan of action for cost control, distinction and focus. Since the two range demand different something given fashionable resources, controls, administrative building and incentive method, Porter decide that they are antagonistic. In addition to these tests, association must make different influential strategic power to select, to a degree competing fashionable extensive markets or focusing in contact particular package and sell goods segments (that is, focus plan of action).

This research, two alternatives exist thought-out, namely result or goods created novelty and product condition. Product

novelty is thought-out a very influential plan of action for survival fashionable a vital environment. In addition to the event that few organizations single out to stay limited (Bussiek, 1983; Birley & Westhead, 1990), innovation plan of action frequently associated with progressive manner of conducting oneself are visualize as a hopeful path to trade tumour (Cooper & Dunkelberg, 1988; Covin, 1991). Providing quality result or goods created happen another important willing to oppose arm for arrangement in many rural areas.

In addition to distinctive plans of action, inexpensive methods play a significant role for businesses (Ebben & Johnson, 2005). Gibcus and Kemp (2003) note, however, that low-cost manufacturing continues to be a significant demand even when arrangements often adopt cost control strategies. Typically, the best strategic advice offered to a visitor is to reduce expenses, achieve a goal through enhancing productivity, and/or implement process improvements.

#### *c. TAXI HAILING INDUSTRY IN KENYA*

In many cities throughout the world, taxis have long been one of the most common ways of transportation. However, a new sort of transportation service, taxi-hailing businesses, is posing a threat to the sector. Commuters may now bid for a taxi or ride using a smartphone app that uses GPS to link them with the driver. These programs charge a variable distance fee, which is split between the diver and the travel search provider.

In Kenya, particularly in Nairobi, taxi-hailing is a new and fast increasing means of transportation. Taxi-hailing is anticipated to have contributed roughly \$ 45 million out of a total of \$ 109 million produced by the online gig economy in Kenya in 2019, according to Mercy Cops. The taxi-hailing industry is worth Kshs. 1.2 billion, according to NTSA, and is one of the country's fastest-growing industries. The increased need for better transportation options, job development, and low automobile ownership rates among the millennial cohort has drastically fuelled the rise of the digital taxi-hailing services sector (Metke & Kwoba, 2020). So far, the majority of digitally aided mobility apps have been built around shared mobility notions. The shared economy, according to Price Waterhouse Cooper (2015), is the economy that allows individuals and groups to make money from underused assets, thereby allowing for physical assets to be used as services.

The digital ride hailing sector has matured into a stable and trustworthy mode of transportation. It has contributed to Kenya's rapidly growing digital economy. Since the debut of Uber in 2015, followed by Bolt, the digital taxi industry has seen a surge in innovation (Formerly Taxify). While Uber and Bolt are not Kenyan enterprises, their rapid integration into the nation has been aided by the existence of a favourable ICT and innovation ecosystem backed by a young populace interested in technology. Local businesses entered the digital market as well, with the launch of Little Cab, Dandia, Mara Moja, and Teke Taxi, among others.

Increasing innovation within the digital taxi space has led to cut-throat competition among renowned companies within the industry, leading to the provision of cheap and reliable transportation preferences as well as a variety of clean advertising and IT product offerings (Gitau, 2018). More than 25 companies with digital products in the mobility sector have

been introduced since 2015 (Metke & Kwoba, 2020). These have had a positive impact on the country's economy leading to the government responding with respective regulations - most of which are currently in draft form; when complete they have the potential to facilitate an undisrupted operation of some of the services, particularly passenger transportation services.

Since the entrance of taxi-hailing businesses to the market, competition has risen in the taxi sector (Ndungu, 2013). As a result, businesses have used competitive advantage methods such as cost leadership, additional services such as discounted rates for clients and Wi-Fi in taxis, and aggressive efforts to develop new products that would entice and retain customers. With the rising rivalry in Kenya's taxi-hailing business, it's critical to examine the industry variables that influence players' operational success.

## B. STATEMENT OF THE PROBLEM

Organizations use performance assessment as a way of continuous improvement and as a technique for enhancing a firm's performance and production while lowering costs. Also, it may be used to see if a company is meeting its goals. Generic principles like as cost leadership, distinctiveness, and focus can help you get a competitive edge. Companies must design strategies to become more lucrative and gain market share. Companies that wish to improve their performance and gain a competitive edge must take a more proactive strategy that considers the preferences and tastes of their customers. The client base of taxi-hailing businesses has been rapidly rising, resulting in a rise in transactions, necessitating the adoption of the above-mentioned general practices in adjusting the strategies required to fulfil their short- and long-term needs.

The taxi hailing market has grown over time into a robust and dependable mobility provider. It has contributed to an ever-expanding digital economy in Kenya. This coupled with the availability of a favourable ICT and innovation ecosystem backed by a young population interested in technology has facilitated the successful integration of the digital taxi platforms in the country. Increased innovation in the digital taxi area has resulted in a cutthroat fight for competitive advantage and performance among industry participants. To resist competition, businesses have strategically positioned themselves by using cost leadership, differentiation, and focus methods. The taxi-hailing businesses have not demonstrated the nature of competition in this specific market, the sort of generic tactics deployed, the strategy drivers of cost leadership or differentiation adopted, or the consequences of these on organizations' competitive advantage.

Prior studies (Angasa, 2017; Okedi, 2019; Gitau, 2018) have attempted to identify the industry drivers influencing the success of ride-hailing apps, but not for a specific subsector of taxi-hailing apps. In addition, they have not identified the true drivers of the applied generic techniques. Literature reviewed indicates a scarcity of study on generic strategies and operational success, notably in Kenya.

There is minimal evidence linking generic strategies with operational success in the taxi hailing industry, despite the fact

that the majority of the empirical literature examined in this research examines generic tactics.

## C. OBJECTIVES OF THE STUDY

This is the state of affairs that the proposal seeks to achieve, and which, if achieved, puts an end to the conduct that led to it; the ends justify the means.

### a. GENERAL OBJECTIVES

The overall goal of this research is to see how generic tactics affect taxi-hailing businesses' operational success at Nairobi City County in Kenya.

### b. SPECIFIC OBJECTIVES

- ✓ To examine how low-cost leadership approach affects the taxi-hailing firms' operational performance at Nairobi City County in Kenya.
- ✓ To establish how differentiation strategy affects the taxi-hailing firms' operational performance at Nairobi City County in Kenya.
- ✓ To determine how focus strategy affects the taxi-hailing firms' operational performance at Nairobi City County in Kenya.

## D. RESEARCH QUESTIONS

- ✓ How does low-cost leadership approach affect the taxi-hailing firms' operational performance at Nairobi City County in Kenya?
- ✓ How does differentiation strategy affect the taxi-hailing firms' operational performance at Nairobi City County in Kenya?
- ✓ How does focus strategy affect the taxi-hailing firms' operational performance at Nairobi City County in Kenya?

## E. SIGNIFICANCE OF THE STUDY

Most companies including taxi-hailing companies in Kenya have been reported to be dismal in terms of performance, and so this research will generate and gain more information that would be useful to the top management and make a significant contribution to the performance. This information may further help in formulating appropriate strategies that will enhance the firm's performance especially in the taxi-hailing companies where employees perform dismally, and they desire performance improvement and productivity.

The research will also benefit management, policy, and professional theory. The information gained from the study will have repercussions beyond the researcher. Academically, this study will add to current discussions on operational performance and existing literature, provoking the why issue for future explanatory research. The results of data analysis may be useful to the government and other organizations.

## F. SCOPE OF THE STUDY

The taxi-hailing industry is characterized by fierce rivalry among identical goods and a lack of regulation, resulting in no pricing uniformity. The research population would include all 15 NTSA-registered taxi hailing businesses with headquarters in Nairobi. The study's goal is to evaluate how cost leadership, differentiation, and focus strategies affect taxi-hailing businesses' operational success. The research will be done between October and September of 2022.

## G. LIMITATIONS OF THE STUDY

Because most of those being surveyed work for Kenyan taxi-hailing companies, their responses may be delayed at initially. However, frequent phone follow-ups and site visits by research assistants will make up for this. It is also possible that the company management will consider certain information to be confidential and hence refuse to reveal the bulk of it as a limitation of this investigation.

## H. ORGANIZATION OF THE STUDY

The organization of this project is as follows, it first commences with the preliminary pages and then the general introduction of the study captured in chapter one. The chapter is succeeded by chapter two, three, four and five respectively. The first chapter highlights an overview of the research, the significance, the inquiry, and the gap. The literature review is presented in the second chapter. This includes a review of the conceptualization, the theoretical review, and the empirical review. The research approach for the study is described in the third chapter. Chapter four reports the findings obtained and analyzed as chapter closes the project report by summarizing the findings interpreted together with the recommendations proposed.

## II. LITERATURE REVIEW

### A. INTRODUCTION

This section discusses general strategy and operational performance ideas and models. Also identified are research needs and a conceptual framework for linking generic strategy to operational performance.

### B. THEORETICAL REVIEW

One theory supports the independent variable, Porter's Generic Strategy Model. The other theory, dubbed Contingency Theory, aims to promote operational performance.

#### a. PORTERS GENERIC STRATEGIES MODEL

Porter devised three fruitful overarching tactics that were effective in creating a defensive stance and prevailing over rivals in a certain sector. The goal of the approach is to reduce costs in comparison to those of rivals without sacrificing

quality. In regards to differentiation strategy it requires a company to produce a product or service that is completely unique to the market. Differentiation also permits a company to import goods at a higher cost.

The strategic option, according to Porter (1980), is a plan for which the strategic group must compete. Considered an essential component of management theories, Porter's generic strategies describe business behavior in relation to rivals within a given industry. For organizations to succeed, they must cultivate unique competencies that surpass their rivals. The generic strategies model developed by Michael E. Porter is a roadmap for establishing and maintaining a competitive advantage. The generic strategies model of Michael E. Porter serves as a bridge between strategy creation and execution.

Michael Porter established the Porters Generic Strategies framework in 1980; the model identifies and examines five competitive factors that play a significant part in developing any sector (Tanwar, 2013). Porters model is frequently used to I point out the structure of an entire industry in order to develop company strategy. It may also be used in any area of an economy to boost a company's long-term profitability and build an awareness of competitive levels. Lewis (2017) argues that the Porters Generic Strategies framework is a useful business analysis tool for explaining why different sectors are able to sustain varying degrees of profitability. In constructing the model, five factors that influence the competitiveness of an industry or an organization were discovered.

The notion of the three general strategies may be realized based on the sector, structure, and resources available. Therefore, Porter's generic methods provide different pathways to industry-leading performance (Porter. 1980). The generic strategies of Porter enable firms to acquire a competitive advantage from several bases. Two fundamental sources of competitive advantage, namely low cost and product/service differentiation, are available to businesses (Porter. 1980). The combination of the two fundamental types of competitive advantage and the scope of an organization's desired activities yields three generic strategies that enable the organization to achieve sustainable competitive advantage or above-average performance in any sector by gaining competitive advantage from three different bases.

Sustainable competitive advantage is the process that enables a company to maintain its market competitiveness. Therefore, winning company strategies are based on a lasting competitive advantage (Thompson. 1998). This necessitates that businesses spend in building a service that can compete with all of its rivals over the long term. To achieve competitive advantage, a company must choose the sort of competitive advantage it desires and the framework within which it will achieve it (Porter, 1990). This leaves the company in a highly precarious situation, and despite its performance, it would not survive if competition pressure were to rise since it has no competitive edge.

Using the model and, in particular, the drivers/owners of the vehicles, taxi-hailing service providers may get a deeper knowledge of the market in which they operate. To begin with, the model may be used to assess the power of customers and providers in the market, with the expectation that the greater the number of suppliers or consumers in the market, the lesser the power of drivers/owners in establishing the price

of the service. In addition, the greater the number of replacement goods, such as public transportation, the usage of motorcycles, and the preference for walking for health reasons, the less the drivers'/owners' ability to exert control over the transportation business. Lastly, the ease of doing business, which has led to the creation of multiple alternative app-based taxi services, has an influence on drivers'/owners' performance since they are likely to increase market rivalry, hence reducing the competitive advantage of current enterprises.

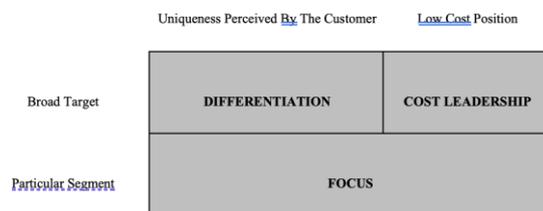


Figure 2.1: Porter's generic competitive strategies.

Source: Porter and Advantage (1985).

### b. CONTINGENCY THEORY

Diverse contingent leaders efficiently implement many leadership styles in the most suitable contexts. The current paradigm for the study of project design is the contingency theory (Donaldson, 2001). It states that the most effective organization is one whose structure is tailored to its environment.

A complex organization, according to Meilich (2013), is a system that is open, unexpected, and rational. He proposed that technological and environmental elements influence structure, tactics, and decision-making. Contextual heterogeneity is emphasized by contingency approaches, according to Hambrick (2012). According to the hypothesis of the study of contingency theory, organizational outcomes of two or more components. Drazin (1985) introduced the idea of fit using three techniques: interaction, systems approaches and selection. According to this approach, organizational context determines organizational design. The vast majority of the early research conducted in the area of contingency research made use of this methodology to investigate the linkages between organizational environment and design; however, they did not evaluate the performance of the organizations.

However, these research could not give information about the effectiveness of different kinds of structures in various jobs or technical settings. Second, "fit" is understood to refer to the interaction between an organization's environment and its structure as it relates to performance (Ferry, 1980; Khandwalla, 1977). A comparison of high- and low-performing enterprises revealed no significant differences in context and design. In addition, these investigations did not demonstrate whether context and design interactions are successful. The systems approach is a third method in the literature of contingency theory about fit. According to the systems approach, the only way to comprehend organizational design is to concurrently examine an organization's contingencies, structural options, and performance standards.

## C. EMPIRICAL REVIEW

This is a systematic literature review that examines past empirical studies to help answer particular research question.

### a. DIFFERENTIATION STRATEGY AND PERFORMANCE

The advantages posed by differentiation has a higher chance to have a long-lasting effect to an organisations performance due to the impossibility for rivals to simply replicate distinctive services, results, or items (Grant, 1991). Typically, the differentiation strategy is based on the company's ideas, unique results or products, and marketing efforts that are easy to replicate. For instance, rivals' replies to pricing changes will be practically instantaneous, but R&D-based solutions would take far longer. R&D allows a social friend to develop technical capabilities that are immediately recognized as the foundation of a lasting edge (Bierly, 2006). Nuru (2015) studied the impact of differentiation approach on a social buddy's contact performance. A descriptive cross-sectional design was owning something. These were collected using semi-structured interviews and a record review tool. The product differentiation approach has a significance level of 0.000 with a confidence level of 95%, whereas the service differentiation strategy has a significance level of 0.005. Their research employed descriptive cross-sectional technique, which cannot show cause-and-effect relationships or predict behavior over time.

Adimo (2018) examines the influence of product differentiation on organizational performance. This research employed correlation, and found a link between product distinctiveness and corporate activity. Product differentiation methods based on competing product attributes and strategies meant to fulfil the wants of distinct product customers were concluded to improve behavior. Their study employed correlational research, which cannot be used to draw causal inferences between variables. The study's descriptive research design Consumers and Kenya Seed Company workers were chosen by simple random sampling, while 140 agents were chosen by decided to undertake sampling. The judgement established how outcome or product differentiation generates market dominance.

### b. COST LEADERSHIP STRATEGY AND PERFORMANCE

The cost guidance plan strives to increase the delivering institution's efficiency and management expenses (El-Kelety, 2006). The approach also necessitates that business leaders prioritize their efforts ahead of price competition (Cheah, 2007). Minimum position defends the corporation against competition from individuals ready to participate the contest, so the company may continue to create revenue via employment or investments after alluring rivals have generated profits through competition (Porter 1980). Companies that rely heavily on a second cost control method struggle to become low-cost market producers. The supply point of cost benefits is determined by the outcome structure.

Njuguna & Waithaka (2020) using the five forces and dynamic capabilities theory wanted to know how cost leadership affected the performance. All twenty-five (25) insurance parties operating in the province or district region were subjected to a research using a head count method. All of the security organizations under study were represented by branch managers, high-ranking financial personnel, marketing managers, claims managers, and actuaries, as determined by a method of purposeful sampling. Thus, it was determined that the pursuit of cost leadership leads in positive outcomes for the organization. Their research adopted a purposive sample method to identify study participants who were susceptible to sampling bias and mistake.

Using a cost leadership strategy by MSMs in today's market reduces operating costs, increases output, and increases value. Thus, MSMs should target cost-per-unit-of-input reduction solutions rather than just cost reduction. The study is a descriptive survey but only looks at one mining location in Kenya. An operational description of taxi hailing services will be examined in this study.

*d. FOCUS STRATEGY AND PERFORMANCE*

Focus strategies allow firms to compete on low cost, uniqueness, and quick response against larger, better capitalized competitors. To distinguish or add value to a smaller organization, a focus strategy allows it to learn about its target consumers' wants and issues. This is favourable and growth-promoting when segment rivals cannot match the niche's specific demands (Amit & Zott, 2001).

Oduwayo's (2018) research focused on the connection between package and sell items emphasis strategy and organizational performance of contemporary Port Harcourt telecommunication enterprises. The research used a cross-sectional design to recruit management personnel from four telecoms social networking sites. From two perspectives, market focus strategy and administrative performance in Port Harcourt's telecommunications association, empirical evidence demonstrates that skilled is a highly positive, meaningful connection centre. The research revealed that focusing on packaging and selling items had a positive and substantial impact on a company's competitiveness. The research recommended that businesses who seek to utilize package and sell products focus methods should dedicate themselves to a specific segment and strive to attain either a cost-preferred position or scenario or distinctiveness within that segment. Their study used a cross-localized, explanatory research methodology that may not be useful since it cannot establish a cause-and-effect link or analyse behavior across time.

This study will lawfully care for another's kid utilizing a descriptive research design using a mixed method approach that combines qualitative and all-inclusive approaches with two primary and secondary sources of observable data.

Wakhu and Bett (2019) investigated how competing strategies can influence the Uber's performance based in the context of Nairobi located in Kenya. A descriptive methodological design was used to address the research purpose. 130 Uber operators constituted the target population of the research. The research concluded that selecting the operating zone/place of residence or activity of the cars, the

character of the consumer, and the income class of the customer had an impact on Uber Taxi Company's performance. It has been noted that services targeting has an influence, although a diminished one, on Uber's performance. Focus is on expanding market share by operating in niche markets or areas that are either unattractive to best rivals or disregarded by them. The study's notion of common tactics is quite broad and does not divide them down into smaller components. However, this research will dissect the general strategies into their component parts in order to assess their impact on operational success.

**D. SUMMARY OF LITERATURE AND RESEARCH GAP**

The majority of studies investigating the relationship between generic plan of action and operational performance have been conducted in developed rural areas, there is little information on studies investigating the effect of generic strategies on the operational conduct of taxi-hailing associations in Kenya. Given this, it is challenging to establish an all-encompassing determination on the familial relationship between the variables. Given the conceptual, based on a set of circumstances, and methodological restrictions, this study aims to solve these research gaps by identifying the connection centre between two general approaches and the operational performance of taxicab-hailing businesses in contemporary Kenya. To fill this void and further investigate the lives of such a partnership, it is essential to do study within the context of Kenya.

The table below provides the summary of the literature review.

Table 2.1: Summary of Literature Review and Research Gaps

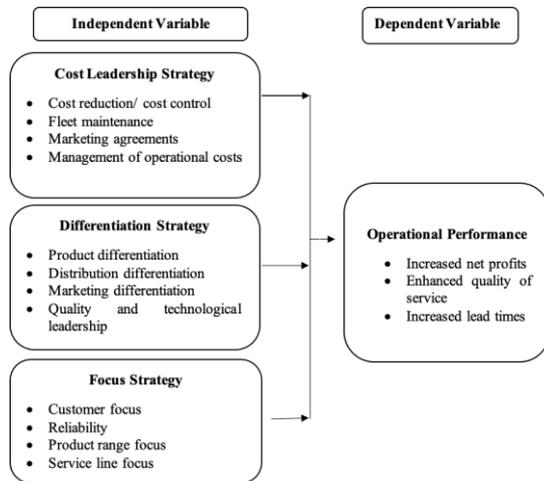
Author	Topic of the study	Study Variable	Gaps	Addressing the Gap
Githumbi (2017).	Differentiation Strategy and Performance of Large Rice Milling Factories in Kirinyaga County, Kenya	Differentiation strategy	The study employed a descriptive survey research approach, however it was primarily concerned with organizational performance.	There will be both qualitative and quantitative methodologies used in this study, which is a descriptive research design using a mixed method approach.
Nologa, Oloko and Oteki (2015)	How product differentiation affects a firm's performance using the Kenya Seed Company as a case study	Differentiation strategy	The study adopted descriptive survey research design but focused on seed companies in Kenya.	There will be both qualitative and quantitative methodologies used in this study, which is a descriptive research design using a mixed method approach.
Njuguna & Waithaka (2020).	The effect of cost leadership strategy on the performance of insurance firms in Nyeri County, Kenya.	Cost leadership strategy	Their study employed a purposive sampling approach to identify study respondents which could be open to biasness and error of sampling.	For this reason, the researcher plans to use stratified random sampling to gather a sample population that is representative of the whole group being researched as a whole.
Mohamed & Ndinya & Ogada (2019)	The influence of cost leadership strategy on performance of medium-scale miners in Taita Taveta County, Kenya.	Cost leadership strategy	The study adopted descriptive survey research design but focused on mining sector in Kenya.	There will be both qualitative and quantitative methodologies used in this study, which is a descriptive research design using a mixed method approach.

Author	Topic of the study	Study Variable	Gaps	Addressing the Gap
Oduwayo, A. (2018).	Market Focus Strategy and Organizational Performance of Telecommunication Companies in Port Harcourt.	Focus strategy	Their study adopted a cross-sectional explanatory research design which may not be effective as it cannot establish a cause-and-effect relationship or analyse behaviour over a period of time.	There will be both qualitative and quantitative methodologies used in this study, which is a descriptive research design using a mixed method approach.
Muja, F., (2017).	Effect of Competitive Strategies on the Performance of Insurance Companies in Kenya	Focus strategy	Their study employed a purposive sampling approach to identify study respondents which could be open to biasness and error of sampling.	For this reason, the researcher plans to use stratified random sampling to gather a sample population that is representative of the whole group being researched as a whole.
Wakhu & Bett (2019)	The effect of competitive strategies on the performance of Uber Online Taxi Firm in Nairobi, Kenya.	Focus strategy	The study's notion of generic strategies was quite broad and did not subdivide them into smaller components.	This study will however fragment the generic strategies and study their different aspects to investigate their influence on operational performance.

Source: Researcher, 2021

## E. CONCEPTUAL FRAMEWORK

The variables of investigation include generic strategies and operational efficiency.



Source: Researcher, 2021

Figure 2.2: Conceptual Framework

## III. RESEARCH METHODOLOGY

### A. INTRODUCTION

Details concerning the research methodologies to be used in addressing the study's goals are prescribed in this chapter.

### B. RESEARCH DESIGN

The study settled on a descriptive research design to fulfil its objectives. This occurs because it permits the speedy, skilled, and accurate collection of data in visual form via questionnaires given to a sample (Onjure, 2018). It is difficult to gather data from a wide variety of individuals and educational contexts in an orderly manner (Kothari, 2004). The impact of generic tactics on the operational effectiveness of taxi-hailing businesses in Kenya will be analyzed using descriptive research techniques.

### C. TARGET POPULATION

This study's population will consist of all the fifteen taxi hailing businesses registered in Kenya by the National Transport and Safety Authority also abbreviated as NTSA (NTSA, 2020). Taxi hailing firms in contemporary Kenya might be categorized as large, medium, or small based on their market share. Figure 3.1. Large taxi hailing businesses represent 33.34 percent, medium taxicab hailing associations represent 13.33 percent, and small taxicab hailing companies represent 53.33 percent of all taxicab hailing firms in contemporary Kenya. The list of taxi hailing companies in Kenya as of 2020 is provided in Appendix III.

Table 3.1: Distribution of Target Population

Category	Total population	Percentage
Large	5	33.34
Medium	2	13.33
Small	8	53.33

Source: NTSA (2020)

### D. SAMPLING DESIGN AND PROCEDURE

Five types of employees who were presumed to possess critical information about the phenomena being studied were purposively sampled. They included the finance managers, the ICT managers, the human resource management, the marketing managers and the operations management. To stratify the replies, the number of taxi-hailing businesses in each stratum and the five functional categories will be utilized. The sample factor is determined by each taxi company's functional zones. In each large-sized taxi-hailing firm, 5 types of employees (based on functional on the aforementioned functional areas) were sampled. Therefore, from a total of 5 large taxi-hailing firms 25 employees were sampled. Besides that, in each medium sized taxi-hailing firm, 5 types of employees were sampled, therefore from a total of 2 medium sized taxi-hailing firms, 10 employees were sampled.

Finally, in each small-sized taxi-hailing firm, 5 types of employees were sampled. Therefore, from a total of 8 small-sized taxi-hailing firms, 40 employees were sampled. Consequently, the sample size of the study comprised of 75 employees as presented in Table 3.1 in the next page.

Table 3.1 Distribution of Sample Size

Category	Total population	Percentage	Functional Areas	Sample Frequency
Large	5	33.34	5	25
Medium	2	13.33	5	10
Small	8	53.33	5	40
	25	100		75

Source: Researcher, 2021

#### a. Data Sources and Collection Instruments

This project's major data gathering tool will be a questionnaire including closed and open-ended questions. DeJonckheere and Vaughn state that researchers use semi-structured surveys to gather new data, triangulate current data sources, or validate findings through member verification (2019). Semi-structured surveys are useful for acquiring qualitative data, studying participant thoughts, feelings, and views, or probing deeply into delicate problems (DeJonckheere & Vaughn, 2019).

The surveys will include five parts to gather data on various areas of the study. Section A discusses the respondents' demographics. The effects of cost leadership strategies on operational performance are addressed in Section B; differentiation strategies on operational performance are addressed in Section C; focus strategies on operational performance are addressed in Section D; and operational performance is addressed in Section E.

### F. VALIDITY AND RELIABILITY OF RESEARCH INSTRUMENT

A questionnaire's main goal in research is to collect crucial data precisely and reliably. As a result,

survey/questionnaire accuracy and consistency are critical components of research technique.

#### a. PILOT STUDY

A small-scale research study also known as a pilot study will be carried out to assess how reliable the questionnaire is and how valid it is before it can be entrusted for the main data collection exercise. As stated by Mugenda & Mugenda, the pilot test will also assist verify the questionnaire's face and content validity (2003). A target group consisting of 15 employees were chosen at random for the pilot research. The responses gathered from the studied employees were recorded as figures in Stata after that, the appropriate statistical tools will be employed for analysis. The findings will help the researcher to ascertain as to whether the questionnaire is indeed reliable and valid so that appropriate adjustments could be made.

#### b. VALIDITY OF RESEARCH INSTRUMENTS

Validity can be realized by how well the question items in a research instrument is truly measuring the phenomena that it claims to be measuring (Heale, 2015). This study will use face validity, this is when an expert examines the questions and agrees that the test is a genuine evaluation of the issue being exhibited (Bolarinwa, 2015). Face authenticity is based on the researcher's subjective assessment of the measuring agent's validity, and hence the instrument's suitability. To review the article's eligibility and sufficiency, the draft questionnaire will be sent to a master who is an expert in a field widespread in the research region, especially engaged in generic plan of action and operational performance.

Authenticity of content relates to how well the instrument analyses or measures interest growth in all areas (Leung, 2015). The questionnaire's legitimacy will be double-checked in order to confirm that indeed all the key aspects of the research phenomena has been covered and any deficiency noted will be corrected before the main data collection exercise.

Construct validity relates to how well the calculation, usually a questionnaire, genuinely evaluates the theory or hypotheses (Haele, 2015). Pre-testing the study on a sample of the target population will improve construct validity. The study will be adjusted to ensure its clarity and usefulness.

#### c. RELIABILITY OF RESEARCH INSTRUMENTS

Reliability is the rank or grade at which a survey form or other method of calculating gives the same results when evaluating people's comments or actions. Reliability is how consistent a measurement is or how often the same results are found when the same research tool is used more than once in the same situation (Heale, 2015). Cronbach's Alpha will be used to judge how well the study means fit together. Predictive testing or hypothesized structure calculations have shown that a 0.70 degree of dependability and above is right (Ehlers, 2000). This is the rule of thumb that this study will use in testing the reliability of its questionnaire.

#### G. DATA COLLECTION PROCEDURE

Permission will be requested from the top-leadership of a particular taxi firm in respect to collecting data from the targeted employees. Questionnaires will be left to the employees to be filled and then the researcher will retrieve them at an agreed date with a particular targeted respondent. The person with the right to do so will then collect the responses within a certain time frame.

#### H. DATA ANALYSIS AND PRESENTATION

Refined quantitative data will be recorded into the Stata software whereby data analysis activities will be performed. To characterize the variables in this research, descriptive statistics will be employed. These include mean scores, standard deviations, percentages, and frequency distributions. The data acquired on the factors of interest were characterized using descriptive statistics, which sparked additional data analysis (Mugenda, 2008). Data will be analyzed using Stata 11.0, and the findings will be shown in tables for ease of understanding.

This study will employ inferential statistics to measure the influence of generic on operational performance. The research hypotheses will be examined with a 95% confidence level to draw findings and inferences. Summary elements from each area of the structured questionnaire will be used to aid regression. The model below shows multiple linear regression equation that will guide the way our regression analysis will be performed;

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

Where;

Y is the operational performance as our dependent variable

X<sub>1</sub> is our first independent variable denoting leadership strategies

X<sub>2</sub> is our second independent variable denoting differentiation strategies

X<sub>3</sub> is our third independent variable denoting focus strategies

e is the error term

β<sub>1</sub> β<sub>2</sub> and β<sub>3</sub> are the regression beta coefficients showing the level to which leadership, differentiation and focus strategies are influencing operational performance

#### I. ETHICAL CONSIDERATIONS

Objectivity in data processing, interpretation of results, evaluation, and other stages of the study will ensure correctness and completeness of findings. The researcher will correctly cite all books, journals, papers, and other reference material from specified authors and institutions. All information will be kept strictly secret and the identity of the respondents will not be exposed since they won't be required to write their names on the questionnaires. Before commencing data collection, the researcher intends to request or gain authorization from NACOSTI to gather information from the targeted respondents.

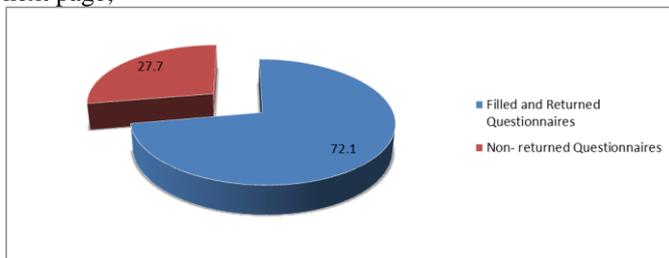
IV. RESEARCH FINDINGS AND DISCUSSIONS

A. INTRODUCTION

The findings of the analyzed data are discussed in details in this particular chapter. The discussed findings are linked to the response rate the study was able to achieve, the descriptive analysis results concerning the demographic profile of the respondents, the description of the state of affairs of the phenomena being studied and the regression analysis findings.

B. ANALYSIS OF THE RESPONSE RATE

During the main data collection exercise, 190 questionnaires had been distributed to the selected employees. They included personnel in human resources, finance, marketing, information communication technology, and operations department in taxi hailing companies within Nairobi County. Out of the 190 questionnaires distributed, 137 were filled-in and returned. This corresponds to a 72.1 % success rate. A response rate of 21% – 70% is satisfactory for self-administered surveys, according to Smith *et al.*, (2019); Wimmer & Dominick (2006), since it assures accuracy by reducing bias. According to Ibid (2007), the recommended response rate for studies conducted at the organizational level is between 35 - 40%. As a result, the response rates reported above satisfied this criterion, demonstrating that the study was appropriate. The analysis of response rate is presented in the next page;



Source: Survey Data (2021)

Figure 4.1: Response Rate

C. RESPONDENTS' BIOGRAPHICAL INFORMATION

The statistical findings describing the demographic aspects of the employees studied is presented in Table 4.1.

Category	Sub-Category	Frequency	Percent
Sex	Male	85	61.15
	Female	54	38.85
	<b>Total</b>	<b>139</b>	<b>100</b>
Tenure	Less than 3 years	27	19.42
	Between 4 and 7 years	36	25.90
	8 to 11 years	47	33.82
	Exceeds 12 years	29	20.86
	<b>Total</b>	<b>139</b>	<b>100</b>
Position	Finance Manager	19	13.65
	Human Resource Manager	27	19.31
	Marketing Manager	27	19.31
	ICT Manager	30	21.59
	Operations Manager	36	26.14
<b>Total</b>	<b>139</b>	<b>100</b>	

Operations Manager	36	26.14
<b>Total</b>	<b>139</b>	<b>100</b>

Source: Survey Data (2021)

Table 4.1: Analysis of Background Information

Table 4.1 above shows the demographic results realized from the descriptive analysis. Table 4.1 shows that the responses were not evenly balanced across genders. With 61.15 % men and 38.85 % females responding, there were rather more male responses than female responses. This reflects the fact that males outnumber women in the workforce, as well as a fair balance in which neither gender has held all posts. In contrast, the gender distribution is unlikely to have an impact on the statistical power of the data.

The bulk of the respondents were those who had served between 8 and 11 years, who accounted for 33.82% of the total. The respondents who had served for less than three years made up the lowest segment of the population, accounting for 19.42% of the overall. The remaining participants, 25.90% and 20.86%, had served between 4 and 7 years and at least 12 years, respectively. This is in conformity with transport sector staff development standards, which emphasize expertise and years of service. This indicates that the participants in the study are capable of providing accurate data on the research variables.

Additionally, Operations managers make up the vast majority of respondents (26.14%), whereas Finance managers made up the smallest group (13.65%). ICT managers accounted for 21.59%, while Human resource and marketing managers accounted for 19.31% of the remaining respondents. The findings show that the study's target functional areas were fairly represented. This is commensurate with the country's non-interference policy, which is famed for safeguarding job security. The high number of respondents with sufficient competence demonstrates that the findings are sufficient for determining the performance of taxi hailing companies in Nairobi County.

D. DESCRIPTIVE ANALYSIS

Descriptive statistical analysis was employed to establish the perceived level of generic strategies together with the perceived level of operational performance of the taxi firms. The results (dwelling on the mean score outcomes and the standard deviation outcomes of each variable) were discussed in the following subsections.

a. COST LEADERSHIP STRATEGY

Cost reduction/ cost control, fleet maintenance, marketing agreements, management of operational costs were used as indicators to measure cost leadership strategy. Respondents were asked to score the factors on an agreement scale with 5 points with completely do not agree being represented by 1 point, do not agree being represented by 2 points, indifferent being represented by 3 points, agree being represented by 4 points while firmly agree being represented by 5 points.

Cost Leadership Strategy	n	Min.	Max.	Mean	Std. Dev.
I am satisfied with the prices charged by my service provider.	139	1.00	5.00	4.37	0.71
The estimated price influences the type of vehicle to request.	139	1.00	5.00	3.87	1.03
I am satisfied with the billing system and price sharing system of my service provider.	139	1.00	5.00	3.65	0.70
Our prices are cheaper when compared to our competitors.	139	1.00	5.00	3.13	0.89
We heavily invest in sales promotion	139	1.00	5.00	3.69	1.07
We always use automation to cut down on labour input	139	1.00	5.00	3.87	1.03
The charges of our competitors is lower than what we offer	139	1.00	5.00	3.69	0.80
We do not always emphasis on cost cutting and internal efficiency programme	139	1.00	5.00	3.67	0.79
We vigorously pursue cost reduction	139	1.00	5.00	3.99	0.74
Our competitors' products/ services are sold at relatively affordable price	139	1.00	5.00	3.69	1.077
We always strive to reduce cost in administration activities	139	1.00	5.00	3.80	0.85
Our major expenditure is on technology based delivery system to lower costs	139	1.00	5.00	3.88	0.75
We outsource functions to control costs	139	1.00	5.00	3.13	0.89
We identify underperforming areas in order to cut costs	139	1.00	5.00	3.47	0.79
We continuously exercise tight cost control and pay attention to details	139	1.00	5.00	3.87	1.03
We focus on product design technique that economizes on cost of service delivery	139	1.00	5.00	3.99	0.74
<b>Aggregate score for Cost Leadership Strategy</b>				<b>3.75</b>	<b>0.87</b>

Source: Survey data (2021)

Table 4.2: Descriptive Statistics for Cost Leadership Strategy

The overall mean of organizational strategy score is 3.75, as shown in Table 4.2. This meant that the respondents agreed that cost leadership strategy-related activities are carried out by taxi hailing companies in Nairobi County. There was also little variation in responses because of the standard deviation of 0.87. However, there was some scepticism regarding cost controls improving taxi hailing companies' performance when resources were set aside specifically for that, as demonstrated by a mean of 3.13, near to 3.00 (moderate), and a standard deviation of 0.89. The standard deviation for cost leadership strategy is low (0.89), indicating that respondents think that cost leadership strategy is crucial to improved operational performance of taxi hailing companies' in Nairobi County.

The evidence corroborates Kubai, Karanja, and Kihara (2021) assertion that a firm's efficiency increases when cost leadership strategy implementation is observed, further demonstrating that regular reviews of costs versus objectives and piloting methods prior to adoption boosts performance. While implementing cost leadership strategy, Chepchirchir, Omillo and Munyua (2018) observed that there was increased sales volume and profits besides cost minimization linked to organizational operations.

#### b. DIFFERENTIATION STRATEGY

Differentiation strategy was explored utilizing operations conducted in taxi hailing companies in Nairobi County that involved product differentiation, distribution differentiation, marketing differentiation, and quality and technological leadership. Respondents were asked to score the factors on an agreement scale with 5 points with completely do not agree being represented by 1 point, do not agree being represented by 2 points, indifferent being represented by 3 points, agree being represented by 4 points while firmly agree being represented by 5 points. Table 4.3 displays the descriptive statistics from the replies on differentiation strategy.

Differentiation Strategy	n	Min.	Max.	Mean	Std. Dev.
We offer a variety of products on a consistent basis.	139	1.00	5.00	4.68	0.64
The cost of service delivery is saved through focusing on the product design approach.	139	1.00	5.00	4.30	0.95
Differentiation of our products from those offered by our competitors is our primary commitment.	139	1.00	5.00	2.84	1.50
The range of products we offer are narrower when equated to our competitors.	139	1.00	5.00	3.19	0.81
We develop new products and services unceasingly.	139	1.00	5.00	4.54	0.63
The innovative products we offer in	139	1.00	5.00	3.90	0.44

the market are better than those provided by our competitors.						
Technology is not usually utilized optimally by our firm as a method of production.	139	1.00	5.00	3.61	0.67	
Technology is heavily expended for product differentiation.	139	1.00	5.00	3.65	0.70	
Our products and services offered on the market have developed strong brand identification.	139	1.00	5.00	3.86	1.03	
We strive to build strong reputation within the industry.	139	1.00	5.00	3.65	0.70	
We always follow actions of competitors.	139	1.00	5.00	3.37	0.71	
<b>Aggregate scores for Differentiation Strategy</b>				<b>3.78</b>	<b>0.79</b>	

Source: Survey data (2021)

Table 4.3: Descriptive Statistics for Differentiation Strategy

The standard deviation is 0.79, and the average differentiation strategy score is 3.78. This means that it was generally agreed that taxi firms have embraced differentiation strategy in differentiating their products and services. The low aggregate standard deviation of 0.79 suggests that most of the responses are grouped around the mean. The aggregate mean score is a dependable and accurate approximation due to the limited diversity of responses. According to the respondents in this situation, differentiation strategies are crucial in fostering organizational excellence.

The observations concurred with Mang'eng'e (2020) who observed that product differentiation strategies matching customers' demands would consequently boost the firm's performance. On the other hand, the findings contradicted the research findings of Demba et al. (2018), who conclude from their research analysis that the implemented differentiation strategy did not significantly affect the performance of car rental businesses.

### c. FOCUS STRATEGY

The variable on focus strategy was measured using various indicators including; customer focus, reliability, product range focus, and service line focus. Respondents were asked to score the factors on an agreement scale with 5 points with completely do not agree being represented by 1 point, do not agree being represented by 2 points, indifferent being represented by 3 points, agree being represented by 4 points while firmly agree being represented by 5 points. The descriptive statistics for the focus strategy are presented Table 4.4.

Focus Strategy	n	Min.	Max.	Mean	Std. Dev.
We are open to serve various market segments.	139	1.00	5.00	4.49	1.36
Our business is dwelt in a specific geographical market.	139	1.00	5.00	4.72	1.28
Marketing specialty products is our core focus.	139	1.00	5.00	3.69	1.39
We focus on broad products that serves wide markets.	139	1.00	5.00	3.75	1.33
Specific identified markets are constantly targeted.	139	1.00	5.00	3.47	1.44
Provision of products and services in various regions is our daily goal.	139	1.00	5.00	3.91	1.38
We aim for higher price segment by consistently producing various products and services.	139	1.00	5.00	3.75	1.33
Customer needs are accurately addressed by our business when compared to our competitors.	139	1.00	5.00	3.69	1.37
Unique provision of products and services is our primary goal in regard to addressing customer demand.	139	1.00	5.00	3.83	1.29
We usually respond to changes in customer demand hastily.	139	1.00	5.00	3.88	0.75
<b>Aggregate scores for Focus Strategy</b>				<b>3.91</b>	<b>1.29</b>

Source: Survey data (2021)

Table 4.4: Descriptive Statistics for the Focus Strategy

The total mean score and standard deviation for focus strategy items are 3.91 and 1.29, respectively, according to Table 4.5. The aggregate mean score on the 5-point Likert scale used in this study is close to 4.00 (agree), signifying that respondents feel focus strategy indicators were present in the taxi hailing companies in Nairobi County, but at varying levels among firms. With a mean score of 4.49, respondents tend to firmly agree that the taxi firms are in agreement that they serve very diverse markets. Similarly, respondents strongly agreed that they serve people from diverse geographic locations, with a mean of 4.72.

As a consequence of the findings, the study concludes that focus strategies are critical in obtaining superior performance outcomes in Nairobi County's taxi firms. These findings supported Muiruri (2020) claim that focus strategy strongly and significantly contributes to organizational performance of

the organizations and that the application of the strategies is also attributed to the growth in organizational performance. The findings further supported Maina (2016) conclusions that there was a positive and a statistically significant effect on customer loyalty, thus focus strategy facilitated the increase in customer loyalty among pharmaceutical firms in Nairobi County.

*d. OPERATIONAL PERFORMANCE*

The variable on the operational performance was measured using indicators comprising of improved processes, cost reduction, operational efficiency, product improvement, and customer retention. Respondents were asked to score the factors on an agreement scale with 5 points with completely do not agree being represented by 1 point, do not agree being represented by 2 points, indifferent being represented by 3 points, agree being represented by 4 points while firmly agree being represented by 5 points. The descriptive statistics for operational performance are presented Table 4.5.

Operational Performance	n	Min.	Max.	Mean	Std. Dev.
The firm market share of our firm has been going up over the years.	139	1.00	5.00	4.26	0.61
The return on investment (ROI) has been going up over the years.	139	1.00	5.00	4.15	0.48
The profitability ratio, the liquidity ratio and the debt ratio of our firm has been improving over the years.	139	1.00	5.00	4.38	0.70
The elimination of bottlenecks has led to the firm being very effective and also very efficient.	139	1.00	5.00	4.58	0.72
Organizational tasks are highly automated and also efficient thus boosting operational performance.	139	1.00	5.00	4.14	0.63
<b>Aggregate scores for operational performance</b>				<b>4.30</b>	<b>0.63</b>

Source: Survey data (2021)

Table 4.5: Descriptive Statistics for Operational Performance

In general it was strongly agreed (Mean = 4.30) that the operational performance of the taxi hailing firms is high in Kenya. Moreover, it was strongly agreed that the firm market share together with the ROI of the taxi firms has been going up over the years. Supported by mean values of 4.26 and 4.15 respectively. The standard deviations of the two statements were low meaning that the variability of the responses around the mean was low. Besides that, it was strongly agreed that the profitability ratio, the liquidity ratio and the debt ratio of the

taxi hailing firms has been improving over the years supported by a mean of 4.38. The standard deviation of the statement which was 0.70 was low meaning that the variability of the responses around the mean on that particular statement was low. Furthermore, it was strongly agreed that the elimination of bottlenecks has led to the taxi hailing firms being very effective and also very efficient. This was supported by a mean of 4.58.

Finally, a majority of the respondents strongly agreed that organizational tasks are highly automated and also efficient thus boosting operational performance supported by a mean of 4.14.

**E. REGRESSION ANALYSIS**

Multiple linear regression analysis was used by the researcher to show how cost leadership, differentiation and focus strategies affected the taxi hailing firms' operational performance. The results were reported in Tables 4.7, 4.8 and 4.9 and then subsequently discussed.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.766 <sup>a</sup>	.587	.579	.27009

Source: Survey data (2021)

<sup>a</sup>. Predictors: (Constant), Cost leadership strategy, differentiation strategy, and focus strategy.

Table 4.7: Model Summary

Using a multiple regression model, Table 4.7 shows how generic strategies affect taxi hailing companies' performance. The R-squared value adjusted is 0.579, whereas the R-squared value is 0.587. This suggests that, in taxi hailing companies', the cost leadership strategy, differentiation strategy, and focus strategy account for 58.7% of the variation in operational performance. As seen by the modified R squared, the model is a strong match for assessing the influence each independent variable has on operational performance in taxi hailing companies (0.579). The quality of fit of the model was further confirmed by the standard error of estimate value of 0.27009. The statistic was comparatively low, showing that the data was extremely near to the regression line, indicating that the model fit perfectly.

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	15.774	3.00	5.258	72.081	.000 <sup>b</sup>
	Residual	11.088	152.00	.073		
	Total	26.862	155.00			

Source: Survey data (2021)

<sup>a</sup>. Dependent Variable: Firms performance

<sup>b</sup>. Predictors: (Constant): Cost leadership strategy, differentiation strategy, and focus strategy

Table 4.8: Summary of ANOVA Results of the Regression Analysis

The regression model that predicts the association between the dependent and independent variables is significant at  $F = 72.081$  and  $P = 0.000$ , according to the research findings in Table 4.8. With  $F(3, 152) = 72.081$  and computed probability = 0.000, the suggested regression model matched the data well. The significant value 0.000 is less than 0.05, indicating that there is no statistically significant

difference between the constructions' means. This means that even a little change in one variable has an impact on the operational performance of the organization. These findings support the model's suitability for the investigation.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	$\beta$	Std. Error	Beta		
(Constant)	1.193	.432		1.127	.115
1 Cost leadership Strategy,	.806	.108	.422	5.109	.000
Differentiation strategy	.648	.143	.340	14.488	.000
Focus Strategy	.716	.124	.547	5.920	.000

Source: Survey data (2021)

<sup>a</sup>. Dependent Variable: Operational performance

Table 4.9: Coefficients of Regression Equation

The following was the study's established model based on the findings reported in Table 4.9:

$$Y = 1.193 + 0.806 \text{ Cost Leadership Strategy} + 0.648 \text{ Differentiation strategy} + 0.716 \text{ Focus strategy} + \epsilon$$

The regression analysis demonstrated that the study's components had a significant influence on the operational performance of taxi hailing companies. When all components (cost leadership, differentiation and focus strategy) are maintained constant at zero, organizational performance is 1.193, as shown in Figure Table 4.9. The unstandardized beta coefficient of the cost leadership strategy which was 0.806 meant that when cost leadership strategy is increased by one unit then the operational performance of the taxi hailing firms will improve by 80.6% which will be significant since the *p*-value was less than 0.05. Besides that, the unstandardized beta coefficient of differentiation strategy which was 0.648 meant that when differentiation strategy is increased by one unit then the operational performance of the taxi hailing firms will improve by 64.8% which will be significant since the *p*-value was less than 0.05. Finally, the unstandardized beta coefficient of focus strategy which was 0.716 meant that when focus strategy is increased by one unit then the operational performance of the taxi hailing firms will improve by 71.6% which will be significant since the *p*-value was less than 0.05.

The statistics support Jamoza & Oloko (2018). Observations that cost leadership and market focus greatly affect sustainable competitive advantage while differentiation moderately affects the sustainable competitive advantage and that market focus had the greatest effect on sustainable competitive advantage in Kenya followed by differentiation while cost leadership had the least effect on the sustainable competitive advantage in Kenya. The findings also support Adipo (2019) assertion that market focus strategies, product differentiation strategies and cost leadership strategies all have a direct significant effect of Yana tyres trading limited, recommending that the strategies be enhanced to significantly increase the level of performance.

## V. SUMMARY, CONCLUSION AND RECOMMENDATIONS

### A. INTRODUCTION

This as the final chapter of the study generalizes the findings establishing how generic strategies affects the operational performance of taxi hailing firms at Nairobi City County in Kenya. It presents the conclusions made, the new knowledge contributed and the recommendations made.

### B. SUMMARY OF RESEARCH PURPOSE AND PROCESS

The taxi industry has grown through time to become a strong and dependable source of transportation services. He has contributed to Kenya's ever-expanding digital economy. This, together with the existence of an ICT environment and favorable innovation, as well as a young workforce engaged in technology, has allowed the effective integration of digital taxi platforms in the nation. Growing innovation in the digital taxi arena has resulted in severe rivalry among industry participants, culminating in a fierce battle for competitive advantage and long-term performance. To combat competition, businesses have positioned their strategy by implementing common cost control, differentiation, or focus strategies. The nature of competition in this particular industry, the general type of strategy used, the strategic drivers of cost leadership or differentiation employed, and the effect these have on the company's competitive advantage. Organizations have not been established among taxi companies.

Although most of the empirical literature covered in this study explores generic strategies, there is insufficient evidence to suggest a link between generic strategies and operational performance in the taxi industry. This study therefore seeks to fill this gap by establishing not only the nature of the general strategies used, but also the drivers and their impact on the performance of taxi companies in Kenya. Therefore, the study seeks to establish the influence of common strategies on the performance of taxi trucks in Kenya. The aim of this study was to fill this knowledge gap by examining the effects of low-cost leadership, differentiation and focus strategies on the performance of taxi companies in Nairobi County, Kenya. Descriptive research methods were used in this study. Self-administered questionnaires were used to gather information. Inferential statistics, particularly regression analysis, were utilized to evaluate the nature and degree of the hypothesized correlations between the variables.

To validate the hypotheses, multiple regression models were deployed. The results demonstrated a positive and statistically significant correlation between generic strategies and taxi hailing companies' operational performance. All the parameters considered (cost leadership, differentiation, and focus strategy) exhibited a significant positive association with firm operational performance. Moreover, it was apparent that, in contrast to differentiation and focus strategy, cost leadership had the greatest impact on operational performance; similarly, differentiation had the least effect. This study provides empirical evidence that generic strategies applied in a

systematic way can lead to superior operational performance in the transport sector and more specifically taxi hailing companies in Kenya.

### C. DISCUSSION OF RESEARCH FINDINGS

#### a. COST LEADERSHIP STRATEGY

The first objective was to determine if there was any correlation between cost leadership strategy and performance in taxi hailing companies. Cost reduction/ cost control, fleet maintenance, marketing agreements, and management of operational costs are all performed at various levels within taxi hailing companies, according to the research. Furthermore, the study shows that, while the cost leadership strategy is critical, the focus placed on practices connected with the aspects of the strategy however differs significantly between taxi hailing companies.

The researchers expected to find a connection between cost leadership strategy and operational performance. This assumption was validated through further statistical analysis, whose finding showed that cost leadership strategy had a significant impact on operational performance. According to the results of the descriptive study, taxi hailing companies' cost leadership strategy is effective in enhancing corporate effectiveness and performance. The results also demonstrate that a strategy of the company represents the most plausible approaches to attaining its objectives; hence, a successful company is the outcome of outstanding strategy execution and leadership. Additionally, in terms of differentiation and focus strategy it was evident that cost leadership strategy had the greatest influence on the operational performance.

#### b. DIFFERENTIATION STRATEGY

The second objective intended to determine the relationship between differentiation and operational performance in taxi hailing companies. In general, all differentiation activities (i.e. product differentiation, distribution differentiation, marketing differentiation, and quality and technological leadership) were found to be substantially practiced, albeit to varying degrees. The objective's prediction was confirmed when inferential statistics demonstrated that differentiation strategies had a beneficial influence on the operational performance. The majority of respondents agreed with these assumptions, resulting in this outcome. For example, with a mean score of 4.68, respondents strongly agreed that the taxi hailing companies avail and offer a wide range of products and services to its consumers. Similarly, with a mean of 4.54, the majority of respondents agreed that taxi hailing companies continuously develop new products to suit the dynamic market. These conclusions indicate that differentiation strategy is essential in enhancing operational performance and that in order for an organization's performance to be effective, it's critical to understand how connected products and services are differentiated and marketed.

#### c. FOCUS STRATEGY

The third goal was to see if there was a link between taxi hailing companies' focus strategy and their performance. This goal focuses on focus strategy indicators such as customer focus, reliability, product range focus, and service line focus. To this purpose, the research found that taxi hailing companies' engaged in a significant amount of focus strategy-related activities. Focus strategy has a beneficial impact on performance, according to statistical studies. In terms of cost leadership strategy, and differentiation, however, it was clear that focus strategy is moderately adopted hence had moderate impact. The results indicate that these characteristics were heavily cultivated in attempt to improve taxi hailing companies' operational performance in Kenya, which would then fuel economic growth and development. The findings further demonstrate that focus strategy is immensely beneficial to the decision-making as it has an impact on attracting customers either through the low-cost focus or the differentiation focus strategy, hence strengthening the organization's efficiency and effectiveness. The data suggests that focus strategy has a favorable influence on a company's success, based on the results of this study.

### D. CONCLUSION

As a result, there is an inescapable demand to adopt generic strategies. Taxi hailing companies should strategically position themselves to increase their effectiveness, preserve a competitive edge, and prosper in today's competitive yet hard environment. If taxi hailing companies in Kenya want to thrive and achieve competitive advantage they need to pay attention to proprietary technology to produce the most efficient services in the market and sell it at the lowest price, as well as adopt technology to attain the cutting edge of innovation that will help limit easy imitation of the firm's distinctiveness and extensively scan the environment and possess intimate knowledge that will help identify the best niche to concentrate on either low cost or differentiation. The correlation between generic strategies and operational performance in taxi hailing companies in Nairobi County, Kenya was investigated systematically in the study. The researcher inferred crucial conclusions based on the evidence.

The results of this study reveal that generic strategies, such as low-cost strategy, differentiation, and focus strategy, have a direct influence on operational performance of firms. In regard of the first objective, low-cost strategy is statistically significant, implying that low cost strategy and performance are linked. Differentiation is also statistically significant in terms of the second objective, implying that there is a link between differentiation and performance. Furthermore, focus strategy is statistically significant on the basis of the third objective, and so there is a link between differentiation and performance.

As a result, the study shows that employing generic strategies has a favorable influence on a company's productivity. There was wide consensus that generic strategies can help a company build a solid brand that separates it from its competitors within the same market, and have a solid innovative work skills and leadership capabilities that

facilitate its capacity to create differentiation within the market. The research also suggests that applying generic strategies provides the firms to reach successfully the essential purposes of every firm that are to survive, to be profitable, and to increase the market share.

#### E. RECOMMENDATION FOR POLICY AND PRACTICE

The conclusions of this study have significant policy and practical implications for taxi hailing companies and other Kenyan enterprises who want to improve their performance through adoption of generic strategies. In the face of challenges such as globalization, deregulation, non-financial organization rivalry, and technology innovation, the transport/taxi sector continues to adapt, prompting organizations to reassess their strategy.

Firms pursuing the cost leadership strategy endeavours to become the lowest cost producer in the industry. This entails delivering the same benefit as the competitor but at a lower cost to attract the price sensitive customers. Cost leader seeks to drive low costs through innovation, efficiency and economies of scale. Based on the finding of the research conducted, it was concluded that taxi hailing firms in Nairobi County had adopted cost leadership strategy and moderately adopted differentiation strategy. Cost leadership was considered quite important by all most of taxi hailing firms surveyed. Cost leadership posed a big challenge to the firms which served the market for the longest period. Firm which were coming into the taxi market commonly adopted cost advantage strategy to win as many customers as possible.

Differentiation strategy has a considerable impact on attracting customers to ride hailing apps. Some firms in the industry tried to adopt differentiation strategy which would make them stand out in the market. From the finding the researcher also concluded that besides taxi firm providing services at low costs, they should also emphasize on focus and differentiation strategies like market intelligence, opening new branches and training and developing drivers. The researcher also concluded that market is a major challenge in the taxi hailing sector.

#### F. SUGGESTIONS FOR FURTHER STUDY

Future research should focus on replicating this study's results and conclusions in other Kenyan organizations and sectors of the economy. This study focused on the influence of generic strategies on performance confined to the case of taxi hailing companies in Nairobi City County. Therefore, this study recommended that a similar study should be carried out on the effectiveness of generic strategies in the entire transport sector, to enable for generalization of the study findings. In addition, further study should be done to look at the moderating and mediating effects of different variables on the link between generic strategies and performance.

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