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EFFECT OF COMPETITIVE STRATEGY ON PERFORMANCE OF BUS TRANSPORT COMPANIES IN MOMBASA COUNTY, KENYA

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ABSTRACT

The main objective of the study was to assess how Mombasa based bus transport companies' performance is affected by competitive strategies. Using descriptive cross-sectional survey, data was collected through questionnaires from 122 respondents selected through simple random sampling. Data was analyzed using descriptive (mean and standard deviation) and inferential (Pearson's correlation and regression) statistics with the help of Statistical Package for Social Sciences and presented using tables. The level of significance for the various inferential tests was set at alpha = 0.05. Pearson's correlation test indicated that cost leadership strategy, differentiation strategy, and focus strategy had statistically significant and weak positive correlation with the companies' performance while innovation strategy had statistically significant and moderate positive correlation with the companies' performance. Regression analysis suggested that approximately 74.8% of the variability in the companies' performance was explained by the competitive strategies adopted. In particular, the regression coefficients revealed that cost leadership strategy, differentiation strategy, focus strategy and innovation strategy had statistically significant and positive influence on the companies' performance. The study concluded that adoption and effective implementation of cost leadership strategy, differentiation strategy, focus strategy and innovation strategy by the companies would contribute to an improvement in performance. The study recommended that the management of the bus transport companies should effectively adopt the different competitive strategies to their unique situations in order to gain high competitive advantage and increased returns. The study also recommended that the directors of the bus transport companies should develop policies that are supportive of the adopted competitive strategy. The study suggested that future studies should pay attention to other factors influencing performance of bus transport companies. The study should also be replicated in other industries in order to compare findings with an aim of generating more knowledge on competitive strategies and also assist companies to adopt effective competitive strategies for their unique situations.

Key terms: *Competitive Cost Strategy, Differentiation Strategy, Competitive Focus Strategy, Competitive Innovation Strategy, Competitive Strategy, Performance*

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INTRODUCTION

Porter (2013) describes a competitive strategy as a tactic a company adopts for competing in a particular market. He argues that competitive strategy is a plan that sets a lucrative and sustainable competitive stance against the five forces driving competition in a sector, including the threat of fresh entrants, supplier bargaining power, buyer bargaining power, competitor rivalry, and the threat of fresh alternatives. It concerns how a business can achieve a competitive edge by competing differently (Porter, 2013). Porter (2013) posits that a company can maximize performance either by striving to be a low-cost producer or service provider in a sector or by distinguishing its product or service line from that of other companies. Furthermore, either of these two methods can be followed by concentrating the company's efforts in a particular market segment.

In Kenya, the main means of public transport for long distance travel is express buses which are operated by private companies. However, the construction of the Standard Gauge Railway (SGR) and the subsequent introduction of passenger train services from Mombasa to Nairobi and planned routes of western and central regions, has and will continue to enhance competition in the long-distance passenger transport sector in Kenya. The train has reduced both the time and cost of travelling over the same distance as covered by passenger buses, besides providing more comfort and safety during travel, elements that travelers see as better bargains compared to buses. In addition, the continued growth of low-cost passenger airline services by various airline firms in Kenya, flying different routes within Kenya and to neighboring countries, has made the competition even stiffer for bus transport companies.

The passenger train and airline services have increased the options to quite a number of customers traveling to various destinations giving bus companies a run for their money. The bus companies have, therefore, been forced to rethink their competitive strategies in order to survive in the industry considering the chunk of business they have already lost to both the SGR and airline companies (White & Kitimbo, 2017). In fact, some bus companies have reacted by either reducing their transport costs, improving the quality standard of their buses, or improving their customer service, while others have decided to focus on particular niche of customers in the market. To remain competitive and survive, all these have been introduced as strategies by various bus companies.

In a competitive business environment, customers make choices based on their perception of the value for money. White and Kitimbo (2017) advance that firms must generate greatest customer value and sustain it over time for them to remain effective and successful. With liberalization and open market system in the transport industry, bus transport firms must always be ready to grasp surprising opportunities, respond to threats and outwit their rivals to endure and succeed (Bukirwa & Kisingú, 2017). Competitions exert pressure on firms requiring that they be proactive and formulate successful strategies that facilitate their competitiveness. Bus companies must embrace a competitive strategy of being different and picking an alternate arrangement of activities intentionally to convey a one of a kind blend of significant worth.

In the recent past, the stability of long distance bus companies have been put to the test with the introduction of SGR passenger train and the growing low-cost airlines which offer more safe and comfortable travel with reduced time duration. This has brought about stiff competition in the sub-sector hence a greater need for changing the way passenger bus companies are managed. For the bus companies to be effective and successful, they must find ways of dealing with this challenge and to respond appropriately to changes in the market. The bus transport companies' management must therefore come up with appropriate competitive strategies so as to remain profitable and even experience growth (White & Kitimbo, 2017).

A number of research have been carried out in Kenya on the impact of competitive strategies on company performance (Muia, 2017; Bukirwa & Kisingú, 2017; Baraza & Arasa, 2017; Kivindo & Kilika, 2017; Kago, Gichunge & Baimwera, 2018) but hardly have they focused on long distance bus transport sector. In addition, most of these studies have adopted descriptive survey design and have hardly examined competitive innovation strategy making their findings limited in scope. In addition, the SGR passenger train and low-cost airlines are relatively new in Kenya and here are no known studies undertaken so far to understand the current business situation and competitive status of the bus transport companies. This study therefore seeks to evaluate the effect of competitive strategies on the performance of long-distance bus transportation companies in Mombasa County, Kenya.

Research Objectives

- To determine the influence of competitive cost leadership strategy on bus transportation companies' performance in Mombasa County, Kenya.
- To find out the influence of competitive differentiation strategy on bus transportation companies' performance in Mombasa County, Kenya.
- To examine the influence of competitive focus strategy on bus transportation companies' performance in Mombasa County, Kenya.
- To assess the influence of competitive innovation strategy on bus transport companies' performance in Mombasa County, Kenya.

This study tested the following hypotheses;

- **$H_{01:}$** Competitive cost leadership strategy does not significantly influence bus transportation companies' performance in Mombasa County.
- **$H_{02:}$** Competitive differentiation strategy does not significantly influence bus transportation companies' performance in Mombasa County.
- **$H_{03:}$** Competitive focus strategy does not significantly influence bus transportation companies' performance in Mombasa County.
- **$H_{04:}$** Competitive innovation strategy does not significantly influence bus transportation companies' performance in Mombasa County.

LITERATURE REVIEW

Resource Based View Theory

The resource based view theory expresses the significance of internal resources and capabilities in determining competitive advantage within companies (Kozlenkova, 2014). In other words, the main proposition of resource-based view theory is that by using their internal resources, companies become distinct and can accomplish and support a competitive advantage (Al-Ansaari *et al.*, 2015). Crook (2014) contends that the resource-based view theory is based with respect to the idea of economic rent and the thought of an organization as a gathering of capabilities. Though conventional strategy models center around the organization's outside focused condition, the resource based view complements the requirement for a fit between the outer market setting in which a firm works and its inside capacities. From this point of view the internal condition of an organization, in terms of its resources and capabilities, is the critical factor for the determination of strategic action (Mahoney & Pandian, 2014).

Innovation Theory

Innovation can be said to be the application of novel ideas to products, processes, or other parts of the activities of an organization that cumulates to an increment in "value." This value is described in a wider way to include higher value added for the company and benefits to consumers or other firms. Two important definitions were identified by Schumpeter (Vargo *et al.*, 2015). Product innovation is the introduction of a new product or adding extra value to an existing product. Process Innovation is the introduction of a new process for producing or delivering goods and services. Schumpeter argued that innovation and technological change of an organization originates from its entrepreneurs, or wild spirit. He developed the term *UnternehmerJ;eist*, in German which means

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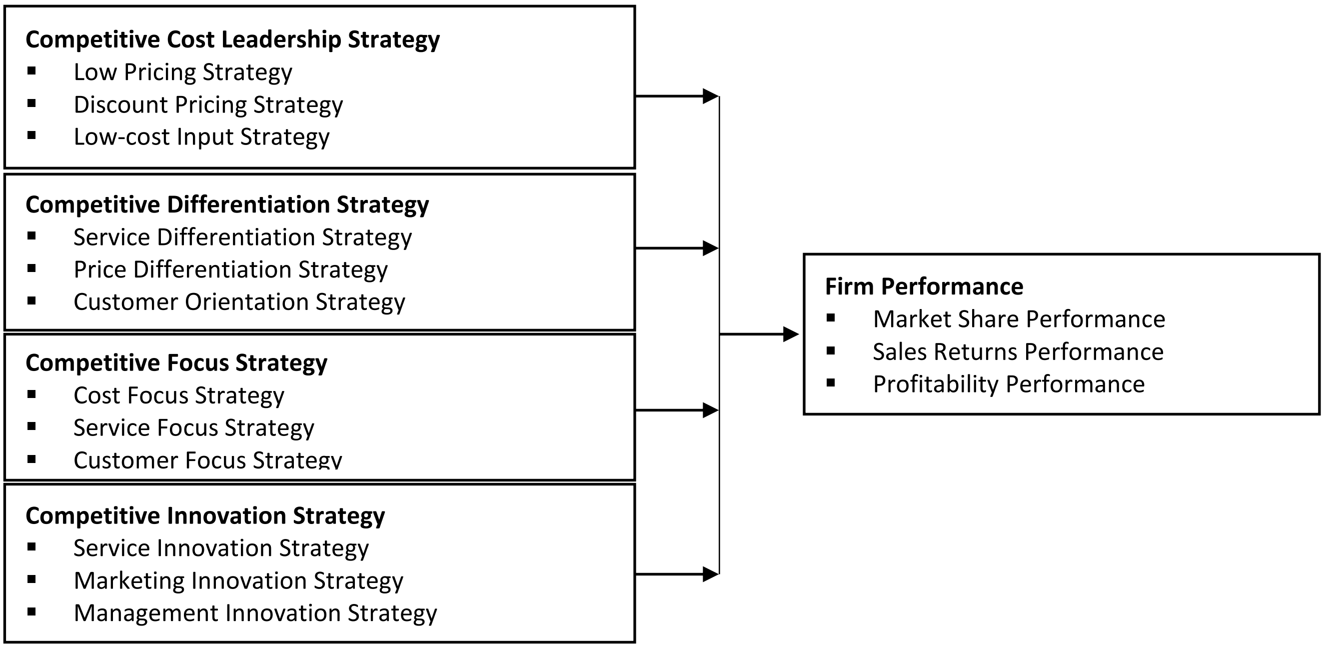
"entrepreneur-spirit", and asserted that "the doing of new things or the things that are already being done in a new way" stemmed directly from the efforts of entrepreneurs (Vargo *et al*., 2015).

Competitive Advantage Theory

Porter (2013) identifies five forces of competition as fierce rivalry, threat to entry, threat to substitutes, power of suppliers and power of buyers. He upholds that understanding the forces that shape a sectors competition is the basis for developing a strategy. Generic strategies can be effectively correlated to organizational performance by using key strategic practices. Porter posits that if the forces are extreme, no organization earns striking returns on investment and if the forces are benign, most of the companies are profitable. The composition of the five forces varies by industry and that an organization needs a separate strategy for every distinct industry such as the public transport bus companies. Porter's generic strategies comprise of low cost, differentiation, focus and combination strategies (Porter, 2013). These are commonly conventional as a strategic typology for all organizations.

The Balanced Scorecard Theory

The Balanced Scorecard (BSC) is a mutually supportive measure of performance that aligns organizations strategy without creating a focus on one area of activity at the expense of another (Malgwi & Dahiru, 2014). The BSC combines both qualitative and quantitative measures of performance. Kaplan and Norton (2016) proposes that the balanced scorecard is a benefit of measures that gives top managers a quick yet complete perspective on the business and it compliments financial related estimates which tell the aftereffects of past activities, with operational estimates which are the drivers of future financial performance.



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Review of Literature on Variables

By utilizing its qualities and limiting the impacts of its shortcomings, an organization positions itself. Porter (2013) argues that a firm's strengths ultimately fall into one of two categories, namely cost advantage or differentiation. Porter identifies competitive strategic activities as positioning, engaging in offensive action, taking advantage of

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change and diversification. Nyaga (2015) point out that as it becomes more difficult to maintain operational advantages in a competitive market, companies are turning to strategic positioning to pick up cost favorable position or premium pricing by contending in a particular way. Positioning is whereby a company identifies areas of confronting competition and areas of avoiding it, whereas taking an offensive is whereby a company tries to deal with competitive forces or alter their causes.

Efficiency is emphasized by this strategy. A firm hopes to take advantage of economies of scale and experience curve effects by producing high volumes of standardized products. The item is often a fundamental good produced at comparatively low price and made accessible to a very big base of customers. Maintaining this strategy requires in all aspects of the business a continuous search for cost reductions. The related strategy of distribution is to achieve the widest possible distribution. Promotional strategy often involves making a virtue out of the features of low-cost products (Javier, 2013).

This approach generally needs a significant market share benefit or preferential access to raw materials, component parts, labour, or some other significant input to be effective. Without one or more of these benefits, competitors can easily mimic the strategy. A company has implemented a cost leadership strategy when it structures, creates and advertises an item more productively than its rivals (Allen *et al.*, 2016). Strategies for cost reduction across the cost chain of operation will be low cost leadership (Javier, 2013). Attempts to minimize costs will spread from production to the final phase of selling the item throughout the entire company cycle. Any processes that do not help minimize the cost base should be outsourced to other organizations in order to maintain a low cost base (Akan *et al.*, 2014).

With the differentiation strategy, the unique attributes or perceptions of uniqueness and characteristics of a firm's product other than cost provide value to customers. The firm pursuing differentiation seeks to be unique in its industry along some dimension that is valued by customers, which means investing in product R&D and marketing (Porter, 2013). It is the ability to sell its differentiated product at a price that exceeds what was spent to create it that allows the firm to outperform its rivals and earn above-average returns. A product can be differentiated in various ways. Unusual features, responsive customer service, rapid product innovations and technological leadership, perceived prestige and status, different tastes, and engineering design and performance are examples of approaches to differentiation (Porter, 2013).

Differentiation is aimed at the broad market. It involves the creation of a product or service that is perceived throughout its industry as unique. The company or business unit may then charge a premium for its product. This specialty can be associated with design, brand image, technology, features, dealers, network, or customer service. Differentiation is a viable strategy for earning above average returns in a specific business because the resulting brand loyalty lowers customers' sensitivity to price. Increased costs can usually be passed on to the buyers. Buyers 'loyalty can also serve as an entry barrier – new firms must develop their own distinctive competence to differentiate their products in some way in order to compete successfully (Porter, 2013).

Allen *et al*. (2016) postulate that focus strategies are assigned to help a firm target a specific niche within an industry. Unlike both low-cost leadership and differentiation strategies that are designed to target a broader or industry-wide market, focus strategies aim at s specific and typically small niche. These niches could be a particular buyer group, a narrow segment of a given product line, a geographic or regional market, or a niche with distinctive, special tastes and preference (Schonberger, 1994). The basic idea behind a focus strategy is to specialize the firm's activities in ways that other broader-line (low-cost or differentiation) firms cannot perform as well, superior value, and thus higher profitability, are generated when other broader-line firms cannot specialize or conduct their activities as well as a focused firm. If a niche or segment has characteristics that are distinctive and lasting, then a firm can develop its own set of barriers to entry in much the same way that large established firms do in broader markets (Allen *et al*., 2016).

A company targets a particular market segment in the focus approach (Porter, 2013). The company may choose to concentrate on a select group of customers, product variety, geographic region, or service line (Martin, 2014). Some service companies, for instance, concentrate exclusively on service clients (Stone, 2014). Focus also is centered on the adoption of a narrow competitive scope within an industry. Focus seeks to increase market share by working in a niche market or markets that are either not appealing to, or ignored by, bigger competitors. These niches emerge from a number of aspects including geography, buyer features, specifications or requirements for the item. Porter (2013) argues that an effective focus strategy depends on an industry segment that is big enough to have strong growth potential but not critical to other significant rivals. A significant focus strategy can be market penetration or market growth. However, focus strategies are most efficient when customers have different preferences and when rival companies have not pursued the niche (Davidson, 2015).

Innovation alludes to the change of imaginative thoughts in a business. Joseph Schumpeter is credited to have authored the term innovation in the beginning of the twentieth century and characterized developments as hierarchical, procedure and item/administration changes that don't radiate from logical disclosure yet in addition originate from a blend of officially existing advances and their application in another manner (Kaya, 2015). Schumpeter characterize an innovation strategy as a means that advances the execution and improvement of new services and items.

Kaya (2015) opined that there are particularly two sorts of innovations; these are incremental and radical innovations. The former is one that spotlights on upgrading highlights or costs of current services, merchandise and techniques. On the opposite side, be that as it may, the latter centers on the phenomenal presentation qualities of services, processes and product. Innovation is profitable for company performance in a few different ways. There are four measurements used to gauge performance in companies. These incorporate strategic, innovative, financial and market performance. Innovations affect firm performance by creating improved market position that shows unrivaled competitive advantage (Hajar, 2015).

Malgwi and Dahiru (2014) suggests that there are two distinct organizational performance yardsticks; there are those that relate to financial performance and others that relate to strategic performance. Studies that have been done on organizational performance have used a variety of financial and non-financial success measures. The strategic performance indicators are the outcomes that show if a company is strengthening its market standing, competitive vitality and future business prospects. The financial measures include Profit, turnover, return on investment ROI, and inventory turnover while the non-financial measures include innovativeness and market standing.

Malgwi and Dahiru (2014) argued that the company's most credible ticket for gaining above average results is a creative unique strategy that distinguishes a firm from its competitors and produces a competitive advantage. Without this a company risks being outcompeted by stronger rivals and or being locked into mediocre financial performance. Awino (2015) advances that the performance of any business organization is affected by the strategies which are put in place within that occasion and the strategies in place determine the long term performance of a business firm. Malgwi and Dahiru (2014) posits that performance is normally measured using standards

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which are usually detailed expressions of strategic objectives and they are measures of acceptance of performance results. The measures that are used to assess organizational performance depend on the organization and the objectives that need to be achieved. The company objectives and goals are set during the strategy formulation of the strategic management process and they can include market share, profit margin and cost reduction just to mention a few.

METHODOLOGY

A quantitative correlational cross sectional research design was adopted by the study. The sampling frame for this study included the 182 management level employees at from the 13 long distance bus companies in Mombasa County. The size of each stratum, that is the number of employees in each level of management, was obtained from the human resource departments of the various companies. The study selected 125 management level employees from the 13 long distance bus companies in Mombasa County. Univariate analysis was conducted using mean and standard deviation to summarize the results for the various study variables and the results were presented using tables. Bivariate analysis was carried out using the Pearson's correlation test to determine the relationship between the independent variables and the dependent variable. Furthermore, multivariate analysis was performed using linear regression model to assess the predictive power of the independent variables on the dependent variable at significance level of 0.05.

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

Where: Y = Performance;

β_0 = constant;

β_i = regression coefficients;

X_1 = competitive cost strategy;

X_2 = competitive differentiation strategy;

X_3 = competitive focus strategy;

X_4 = competitive innovation strategy; and

ε = error term.

RESULTS

The study conducted descriptive analysis to summarize the views of the respondents regarding the adoption and implementation of various competitive strategies in their companies and the trend of performance of those companies over the past five years. The respondents were required to indicate their level of agreement or disagreement with a number of statements which were rated using a five point likert scale (1 – strongly disagree, 2 – disagree, 3 – neutral, 4 – agree, 5 – strongly agree). The responses were aggregated and mean and standard deviation calculated to rate the combined views. The width of every point in the scale is 0.8 [(5-1) ÷ 5], therefore, 1 to 1.8 depicted strongly disagree, 1.81 to 2.6 disagree, 2.61 to 3.4 neutral, 3.41 to 4.2 agree, and 4.21 to 5 strongly agree.

Competitive Cost Leadership Strategy

The respondents were subjected to a series of statements which probed their opinion regarding their companies' adoption of competitive cost leadership strategy. Cost leadership strategy was measured using three indicators including low pricing strategy, discount pricing strategy and low-cost input strategy. The aggregate score of the responses was used to measure the companies' level of adoption and implementation of the cost leadership strategies. The results ($\bar{X} = 3.971, SD = .866$) indicated that the respondents were in concurrence with the different statements in regards to cost leadership strategy. This was upheld by a mean score of above 3.4 for every one of the statements on cost leadership. Table 1 presented the response results on competitive cost leadership strategy.

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Table 1: Competitive Cost Leadership Strategy

Competitive Cost Leadership Strategy	Mean	Std. Dev.
The company prices its service routes lower than its competitors	3.984	0.826
The company extends price discounts to its customers	3.961	0.853
The company outsources some functions which are not core to reduce costs	4.028	0.796
The company has cut costs on overheads such as human resource to reduce costs	3.753	0.938
The company buys in bulk to reduce cost	4.027	0.781
The company is very strict on wastage of materials	4.187	0.774
The company employs new technology to reduce costs	3.981	0.809
The company continuously exercise tight cost control and pay attention to details	4.142	0.817
The company always strives to reduce cost in administration activities	4.163	0.771
The company constantly reduces labour input through automation	3.487	1.298
Competitive Cost Leadership Strategy	**3.971**	**0.866**

Competitive Differentiation Strategy

The respondents were subjected to a series of statements which probed their opinion regarding their companies' adoption of competitive differentiation strategy. Differentiation strategy was measured as service differentiation strategy, price differentiation strategy and customer orientation strategy. The aggregate score of the responses was used to measure the companies' level of adoption and implementation of the differentiation strategies. The results ($\bar{X} = 3.663$ $SD = .968$) indicated that the respondents were in agreement with the various statements regarding their companies' adoption and implementation of differentiation strategy. The respondents were in agreement with all the statements on differentiation strategy (with mean scores of above 3.4) except two statements. First, the respondents were indifferent with the statement that the company offered services of different qualities and prices for different segments ($\bar{X} = 3.383$; $SD = 1.079$). The respondents were also indifferent with the statement that the company used different technologies to vary service quality for different markets ($\bar{X} = 3.275$; $SD = 1.267$). Table 2 presented the response results on the implementation of competitive differentiation strategy.

Table 2: Competitive Differentiation Strategy

Competitive Differentiation Strategy	Mean	Std. Dev.
The company employs branding to differentiate itself and its services from those of its competitors	3.784	0.966
The company employs technology to differentiate its services from those of competitors	3.627	0.883
The company packages same service in different ways to target different markets	4.091	0.735
The company offers services of different qualities and prices for different segments	3.383	1.079
The company uses different technologies to vary service quality for different markets	3.275	1.267
The company uses different service attributes to market its services	3.938	0.863
The company's customer relations services is better compared to its competitors	3.542	0.981
Competitive Differentiation Strategy	**3.663**	**0.968**

Competitive Focus Strategy

The respondents were subjected to a series of statements which probed their opinion regarding their companies' adoption of competitive focus strategy. Focus strategy was measured using three indicators including cost focus strategy, service focus strategy and customer focus strategy. The aggregate score of the responses was used to measure the companies' level of adoption and implementation of the focus strategies. The results ($\bar{X} = 3.663$ SD $= .968$) indicated that the respondents were in concurrence with the different statements in regards to focus strategy. The respondents affirmed all the statements on focus strategy (with mean scores of above 3.4) except three statements. First, the respondents were indifferent with the statement that the company had specific niche markets to sell its services to ($\bar{X} = 2.872$; SD $= 1.021$). The respondents were also indifferent with the statement that the company focused on segmented marketing for its different services ($\bar{X} = 2.931$; SD $= 1.302$). Finally, the respondents were indifferent with the statement that the company relied on its transportation routes to target specific markets ($\bar{X} = 2.989$; SD $= 1.217$). Table 3 presented the response results on the implementation of competitive focus strategy.

Table 3: Competitive Focus Strategy

Competitive Focus Strategy	Mean	Std. Dev.
The company offers tailored services to meet customer demands	3.591	0.898
The company varies pricing of its services to target specific segments	3.713	0.994
The company is more responsive to customer needs than its competitors	3.696	0.947
The company has specific niche markets to sell its services to	2.872	1.021
The company quickly responds to changes in customer demands than its competitors	3.651	0.893
The company seeks to provide its services in different geographical locations	3.744	0.792
The company focuses on segmented marketing for its different services	2.931	1.302
The company relies on its transportation routes to target specific markets	2.989	1.217
Competitive Focus Strategy	**3.398**	**1.008**

Competitive Innovation Strategy

The respondents were subjected to a series of statements which probed their opinion regarding their companies' adoption of competitive innovation strategy. Innovation strategy was measured using three indicators including service innovation strategy, marketing innovation strategy and management innovation strategy. The aggregate score of the responses was used to measure the companies' level of adoption and implementation of the innovation strategies. The results ($\bar{X} = 4.014$, SD $= .814$) indicated that the respondents were in agreement with the various statements regarding their companies' adoption and implementation of innovation strategy. This was supported by a mean score of above 3.4 for all the statements on innovation strategy indicating that the respondents agreed with all the statements. Table 4 presented response results on the implementation of competitive innovation strategy.

Table 4: Competitive Innovation Strategy

Competitive Innovation Strategy	Mean	Std. Dev.
The company continuously improves the quality of its services in order to promote customer satisfaction	4.102	0.738
The company employs new advanced technologies in service delivery	3.974	0.816
The company regularly improves the packaging of its services to enhance customer satisfaction	4.011	0.773
The company adopts new marketing strategies and platforms to reach different market segments	4.047	0.792
The company is a pioneer or trend setter in terms of developing new ideas in the industry	3.861	0.894

The company easily adopts to changes in the industry	3.962	0.947
The company constantly improves its branding to gain competitive advantage over its competitors	4.138	0.735
Competitive Innovation Strategy	**4.014**	**0.814**

Firm Performance

The respondents were subjected to a series of statements which probed their opinion regarding their companies' performance trend over the past five years. Performance was measured using three indicators including market share performance, profitability performance and sales returns performance. The aggregate score of the responses was used to measure the companies' level of performance due to adoption of competitive strategies. The results $(\bar{X} = 3.938, SD = .911)$ indicate that the respondents were in agreement with the various statements regarding the performance of the bus transport companies over the last five years. This is supported by a mean score of above 3.4 for all the statements on performance. Table 5 presents response results on firm performance.

Table 5: Firm Performance

Firm Performance	Mean	Std. Dev.
The company market share performance has improved in the last 5 years due to the competitive strategies adopted	4.026	0.827
The company sales returns performance has improved in the last 5 years due to the competitive strategies adopted	3.815	0.974
The company profitability performance has improved in the last 5 years due to the competitive strategies adopted	3.973	0.931
Firm Performance	**3.938**	**0.911**

Diagnostic Tests

Autocorrelation Test

The Durbin-Watson d statistic was used to test the null hypothesis that the residuals in the regression model are not linearly auto-correlated. The results in Table 6 ($d = 1.621$, $1.5 < d < 2.5$) indicated that there was no auto-correlation in the data.

Multicollinearity Test

The VIF ($VIF < 10$) was used to test the null hypothesis that the independent variables were not highly correlated with each other. Table 6 presented the multicollinearity results.

Table 6: Variance Inflation Factor Test

	Collinearity Statistics	
	Tolerance	**VIF**
Cost Leadership Strategy	.983	1.017
Differentiation Strategy	.996	1.004
Focus Strategy	.998	1.002
Innovation Strategy	.964	1.037

a. Dependent Variable: Performance

Normality Test

The Shapiro-Wilk statistic was used to test the null hypothesis that the data is normally distributed. The result ($p > .05$) indicated that the data was normally distributed. Table 7 presented normality test results.

Table 7: Shapiro-Wilk Test

	Statistic	df	Sig.
Unstandardized Residual	.988	122	.386

Heteroscedasticity Test

The Glesjer test was used to test the null hypothesis that the data are not heteroscedastic. The results ($p > .05$) indicated that there is no heteroscedasticity in the data. Table 8 presented heteroscedasticity test results.

Table 8: Glesjer Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.034	.072		-0.47	.639
	Cost Leadership Strategy	.011	.007	.104	1.585	.114
	Differentiation Strategy	.001	.010	.003	.061	.952
	Focus Strategy	-.008	.006	-.103	-1.465	.144
	Innovation Strategy	.012	.007	.091	1.567	.118

a. Dependent Variable: AbsUt

Pearson's Product Moment Correlation Analysis

The study performed Pearson's correlation test at a level of significance of alpha = .05 to determine the significance and nature of relationship between the performance of bus transport companies in Mombasa and competitive strategies including cost leadership strategy, differentiation strategy, focus strategy and innovation strategy. The results showed that innovation strategy ($r = .411$, $p < .01$) has a significant and moderate positive correlation with performance of bus transport companies in Mombasa. The results also indicated that cost leadership strategy ($r = .367$, $p < .01$), differentiation strategy ($r = .301$, $p < .01$), and focus strategy ($r = .295$, $p < .01$) have a significant and weak positive correlation with performance of the companies. In light of the correlation results all the independent variables were incorporated in the multiple regression model because their p values were less than 0.2.

Table 9: Correlation Matrix

		Performance	Cost leadership strategy	Differentiation strategy	Focus strategy	Innovation strategy
Performance	**r**	1				
	p					
	n	122				
Cost leadership strategy	**r**	.367	1			
	p	.000				
	n	122	122			
Differentiation strategy	**r**	.301	.116	1		
	p	.001	.203			
	n	122	122	122		
Focus strategy	**r**	.295	.153	.172	1	
	p	.001	.092	.058		
	n	122	122	122	122	
Innovation strategy	**r**	.411	.108	.177	0.089	1
	p	.000	.236	.051	0.329	
	n	122	122	122	122	122

NB: Correlation is Significant at 0.05 level (2-tailed)

Model Summary

The results indicated $R^2 = .748$, which suggested that approximately 74.8% of the variability in performance of the bus transport companies in Mombasa was explained by the competitive strategies adopted by the companies including cost leadership strategy, differentiation strategy, focus strategy and innovation strategy. Table 10 presented the model summary.

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.865[a]	.748	.739	.25019	1.621

a. Predictors: (Constant), Cost Leadership Strategy, Differentiation Strategy, Focus Strategy, Innovation Strategy

b. Dependent Variable: Performance

Analysis of Variance

The significance of the regression model was tested using F-test. The results indicated that at a significance level of alpha = .05, the regression model, with the four predictor variables (Cost Leadership Strategy, Differentiation Strategy, Focus Strategy, Innovation Strategy), was significant ($F[4, 117] = 5.467$, $p < .01$) in predicting the variability of performance of the bus transport companies in Mombasa. Table 11 presented the ANOVA results.

Table 11: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.869	4	5.467	86.606	.000[b]
	Residual	7.386	117	.063		
	Total	29.255	121			

a. Dependent Variable: Performance

b. Predictors: (Constant), Cost Leadership Strategy, Differentiation Strategy, Focus Strategy, Innovation Strategy

Regression Coefficients

The results showed that cost leadership strategy ($\beta = .386$, $p < .05$), differentiation strategy ($\beta = .283$, $p < .05$), focus strategy ($\beta = .267$, $p < .05$) and innovation strategy ($\beta = .460$, $p < .05$) had significantly positive influence on bus transport companies' performance. The results implied that for one unit increase in cost leadership strategy, differentiation strategy, focus strategy and innovation strategy, there would be a corresponding 0.386 units, 0.283 units, 0.267 units and 0.460 units increase respectively in performance. Therefore, the bus transport companies' performance in Mombasa County could be predicted using the following regression equation.

$$\text{Performance} = -1.384 + 0.386\text{X}_1 + 0.283\text{X}_2 + 0.267\text{X}_3 + 0.460\text{X}_4$$

Where: X_1= cost leadership strategy; X_2= differentiation strategy; X_3= focus strategy; and X_4= innovation strategy.

Table 12 presents the regression coefficients.

Table 12: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.384	.106		-13.074	.000
	Cost Leadership Strategy	.386	.026	.406	14.815	.000
	Differentiation Strategy	.283	.023	.267	12.151	.000
	Focus Strategy	.267	.022	.241	11.909	.000
	Innovation Strategy	.460	.028	.515	16.592	.000

a. Dependent Variable: Performance

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Hypotheses Testing

Competitive cost leadership strategy had a statistically significant effect on firm performance (β = .386; t = 14.815; p < .01). This result was consistent with the findings of Kago *et al*. (2018), Muia (2017), Munyasia (2014) and Bisungo *et al*. (2014). However, the results differed with the findings of Baraza and Arasa (2017) and Sifuna (2014).

Competitive differentiation strategy had a statistically significant effect on firm performance (β = .283; t = 12.151; p < .01). This result was consistent with the findings of Kago *et al*. (2018), Muia (2017), Bukirwa and Kising'u (2017), Uchegbulam *et al*. (2015) and Munyasia (2014). However, the results differ with the findings of Baraza and Arasa (2017).

Competitive focus strategy had a statistically significant effect on firm performance (β = .267; t = 11.909; p < .01). This result was consistent with the findings of Kago *et al*. (2018), Muia (2017), Baraza and Arasa (2017), Gituku and Kagiri (2015), Sifuna (2014), and Bisungo *et al*. (2014). However, the results differ with the findings of Munyasia (2014).

Competitive cost leadership strategy had a statistically significant effect on firm performance (β = .4.60; t = 16.592; p < .01). This result was consistent with the findings of Gituku and Kagiri (2015).

Table 13: Hypotheses Test Results

Hypotheses Statement	β	t	p-value	Decision
H_{01}: Competitive cost leadership strategy did not significantly influence bus transport companies' performance in Mombasa County, Kenya.	.386	14.815	.000	Reject H_{01}
H_{02}: Competitive differentiation strategy did not significantly influence bus transport companies' performance in Mombasa County, Kenya.	.283	12.151	.000	Reject H_{02}
H_{03}: Competitive focus strategy did not significantly influence bus transport companies' performance in Mombasa County, Kenya.	.267	11.909	.000	Reject H_{03}
H_{04}: Competitive cost leadership strategy did not significantly influence bus transport companies' performance in Mombasa County, Kenya.	.460	16.592	.000	Reject H_{04}

CONCLUSIONS

The study concluded that competitive cost leadership strategy had statistically significant and positive effect on firm performance in Mombasa County. The adoption of competitive cost leadership strategy by the companies, including low pricing strategy, discount pricing strategy and low-cost input strategy, contributes to the improvement in their performance. The companies have adopted this strategy by either acquiring a considerable market share advantage or ensuring access to important inputs at low costs. Most of the companies that have successfully adopted this strategy are large in size and have operated in the industry over a long period of time.

The study concluded that competitive differentiation strategy had statistically significant and positive effect on firm performance in Mombasa County. The adoption of competitive differentiation strategy by the companies, including service differentiation strategy, price differentiation strategy and customer orientation strategy, contributes to the improvement in their performance. A company using this strategy is able to price its differentiated service at a price that exceeds what was spent to create it that allows the company to outperform its rivals and earn above-average returns.

The study concluded that competitive focus strategy had statistically significant and positive effect on firm performance in Mombasa County.

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The adoption of competitive focus strategy by the companies, including cost focus strategy, service focus strategy and customer focus strategy, contributes to the improvement in their performance. By utilizing focus strategy the companies enjoy a high level of client loyalty, and this embedded loyalty shields the company from direct competition from rivals.

The study concluded that competitive innovation strategy had statistically significant and positive effect on firm performance in Mombasa County. The adoption of competitive innovation strategy by the companies, including service innovation strategy, marketing innovation strategy and management innovation strategy, contributes to the improvement in their performance. Innovations affect performance of these organizations by creating upgraded market position that shows superior performance and competitive advantage.

RECOMMENDATIONS

The study recommend that the management of the bus transport companies should effectively adopt the different competitive strategies to their unique situations in order to gain high competitive advantage and increased returns. The management should first analyze the strengths, weaknesses, opportunities and threats of their respective companies before implementing a particular competitive strategy in order to achieve maximum impact on the performance of the companies. Specifically the study recommends that;

The management of the bus transport companies should adopt competitive cost leadership strategy in order to improve performance. The management should identify and strategically control cost drivers within the companies and the industry at large in order to achieve a cost advantage. By minimizing the cost drivers the companies can be able to reduce overhead costs, increase profits, and shift the benefits to the consumers by reducing prices and consequently improve their market share.

The management of the bus companies should adopt differentiation strategy in order to improve performance. The management should invest in quality customer service to effectively respond to customers' demands. The management should also invest in quality research (competitive analysis) which will provide them with an offence and defense advantage over competitors. The management should also employ diversification by offering services of different qualities and prices for different customer segments.

The management of the bus companies should adopt focus strategy in order to improve performance. The companies should identify and focus on service routes that they have an edge over other competitors. The management can focus their branding and marketing activities to suit the preferences of different market segments. The companies can also focus their corporate social responsibility initiatives to benefit market segments that highly utilize their services in order to promote customer loyalty.

The management of the bus companies should adopt innovation strategy in order to improve performance. The management should develop an effective customer relationship management system which will facilitate better understanding of the customers. This will help the companies in developing ideas that are responsive to the customer needs. The management should also use research to generate factual data which will inform strategy management. The companies should also invest in employee training and development and adopt participatory management practices which will facilitate generation of ideas from a large pool of employees.

The policy makers in the government, that is the ministry of transport and infrastructure through the National Transport and Safety Authority, Kenya National Highways Authority and other agencies, should develop policies that facilitate cost reduction in the transport sector through quality construction and maintenance of road networks, reduction of fuel levies, and reduced licensing costs among other initiatives.

Areas for Further Study

The findings revealed that cost leadership strategy, differentiation strategy, focus strategy and innovation strategy did not exhaustively explain the variability in bus transport companies' performance in Mombasa County. Therefore, the study suggested that further studies should be conducted focusing on other factors influencing the companies' performance. The study should also be replicated in other industries in order to compare findings with an aim of generating more knowledge on competitive strategies and also assist companies to adopt effective competitive strategies for their unique situations.

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