

Effect of Competitive Strategies on Performance of Uber Online Taxi Firm in Nairobi, Kenya

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ABSTRACT

The aim of this study was to investigate the effect of competitive strategies on the performance of Uber Online Taxi Firm in Nairobi, Kenya. The specific objectives of the study were: to examine how leadership, differentiation, and focus strategies influence the performance of Uber. The study was very significant to the top management of uber, the government, the partners/drivers and other researchers. The study was anchored on the following theories: Porter's generic strategies model, resource-based view theory, and resource dependence theory. The study took a descriptive research design and the target population was composed of 130 operators; sampling size was the same as target population as a complete census was preferred. The study used a semi-structured questionnaire that was administered to each member of the population. Out of the 130 questionnaires administered only 91 questionnaires were filled by respondents. Both descriptive and inferential statistics were used for data analysis. Regression analysis was used to test the relationship between performance and the independent variables. Quantitative data collected was analyzed using descriptive statistics and Statistical Package for Social Sciences (SPSS) was used to analyze the quantitative data where descriptive statistics such as means, standard deviation, frequencies and percentages were used to describe the data. The variables used in the study included low cost leadership strategy, differentiation strategy and focus strategy which significantly influenced the organizational performance of Uber Online Taxi Firm. The study recommended that Uber should embrace cost leadership, differentiation and focus strategies in their operations since they will enable the firm attain competitive advantage over their rivals such as Taxify and Little Cab.

Key Words: *Competitive Strategies, Strategic Management, Performance of Uber Online Taxi Firm*

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1. INTRODUCTION

Globalization has enhanced communication channels resulting in the proliferation of technology, capital and skill. By increasing the fluidity of these three principal factors of production, it has also inevitably increased the difficulty with which businesses, especially those in service industries, can develop and sustain a competitive edge (De Wit and Meyer, 2010). In addition, it has opened up industries to international and regional regulations and laws further increasing the

difficulty with which businesses can develop practical strategies. As a result, companies in high competition and easy entry industries, such as transport and especially taxis, need to be frugal in their innovations to ensure they remain both profitable and responsive to change (Sirmon et al., 2011). Taxi hailing companies such as Uber, Taxify and Little Cab developed out of the foresight that differentiating the aspects of the taxi business model would increase both efficiency and profits (Camisón & Villar-López, 2011). Modern taxi businesses consist of a fleet management system that handles vehicle tracking, allocation and pricing, and an operations management system that works to ensure vehicles are in good working condition and that drivers offer clients impeccable customer service. By separating these two functions and leaving the responsibility of the latter to its contractors, taxi hailing companies reduced their overheads significantly. This is to say that by engaging autonomous contractors, these companies are able to minimize their capital obligation with regard to procuring taxis (Walton, 2014). They also relieve themselves of the cost burdens involved in maintaining the vehicles and the lost revenues during maintenance cycles. As a result, taxi-hailing companies invested these cost savings into mobile innovations and the integration of mapping and billing technologies, which further increased their overall efficiency (Rayle et al., 2014). By taking advantage of the high number of smartphone users, especially in major towns and cities, the applications they developed increased the success of their market penetration and capitalization. They also enhanced their vehicle inspection procedures to ensure the standardization of the vehicles and services of their contractors. In addition, their overall ride sharing structure reduces the statutory requirements and charges government authorities can impose on contractors resulting in further cost savings that increase overall revenues to both the company and its contractors (Dobson, 2014). The growing middle class population in Kenya has made the taxi business very attractive to investors. As a result, the taxi hailing industry in the country, and especially Nairobi, continues to experience high growth rates brought about by increased foreign and local investment into the sector. Therefore, it is important for the firms offering these services to develop practical and sustainable strategic plans to enhance their performance and profits in the long term. For that reason, this study aims to assess the effect of competitive strategies on performance of Uber Online Taxi Firm in Nairobi, Kenya.

Performance is the result of the majority of a firm's tasks and strategies (Wheelen and Hunger, 2012). It additionally alludes to the measurements in regards to how a specific demand is dealt with, or the act of accomplishing something effectively, utilizing information as opposed to simply having it. It is a combination of all the organization's activities and strategies (Venkatraman and Ramanujam, 2011). An association's execution measure is a measurement used to evaluate and assess the productivity and adequacy of business technique. The measure might be money related or non-monetary data in nature that may impact decision making and managerial actions (Simons, 2009). The viability considers the degree to which client necessities are met whereas proficiency is a proportion of how financially the organization's resources are used when giving a certain level of consumer satisfaction. The idea of organizational performance yet extremely regular in the scholastic writing, its definition is challenging because of its diverse meaning. In general, performance in organizations can be deemed as the ability to produce outcomes related to desired targets. Various metrics such as profit margins, market share, customer and employee satisfaction, company growth have been used to measure the performance of a company with objectives and the market competition in mind. High performing organizations have various benefits to the company in particular and society in general such as attracting resources, job generation and wealth creation. Madrid et al (2007) observed that good

strategies, proper resource allocation and customer satisfaction from meeting the customer needs and expectations are some of the insights one can derive from accurate measures of performance. The primary goal of the organization having been identified as well as the secondary goals and strategies and tasks are to be developed to achieve them. Metrics and targets that indicate if the organization is headed in the right place are put in place and periodically measured in order to readjust the tasks and strategies to achieve them.

There are two important considerations when it comes to organizational performance. In order for organizations to determine how well they are performing against their competitors, most executives use such measures as profits, stock price and sales. Performance referents is a benchmark used to understand the organizations standing along a performance measure e.g. comparing profit margin over a two or three year period. Execution estimation frameworks offer the establishment to expand strategic plans, compensate directors, and review a foundations accomplishing of set targets (Alderfers, 2003). There are numerous mixes of performance measures and referents that can be utilized to quantify execution. An investigation of performance measurements were utilized inside eatery firms' yearly report found that 788 unique mixes of measures and referents were utilized inside that industry in a solitary year (Short &Palmer 2003). Supervisors in this manner need to pick between a rich yet constrained arrangement of execution measures and referents to concentrate on in deciding organization performance. One of the most effective measures of organization performance is the balance scorecard. This was produced by Professor Robert Kaplan and Professor David Norton of Harvard University. This tool enables the executives to screen several sets of significant estimates apart from financial estimates that empowers managers to gain an overview of the organization performance. These measures reflect four dimensions i.e. Financial, customer, internal business process and learning and development (Kaplan & Norton, 1992).

Another measure of performance is the triple bottom line which highlights on social responsibility. It emphasis on the 3 Ps i.e. People (socially responsible), Planet (Environmental sustainability) and organization profit (Economic concern). An example of such an approach is Starbuck which emphasis on the importance of environmental protection, its environmental mission statement states that, 'Starbuck is focused on the job of ecological initiative in all features of our business notwithstanding its general mission (Starbuck, 2011). In the part of social responsibility that identifies with People, Starbuck endeavors to buy coffee beans collected by farmers who work under empathetic conditions and are paid insensible wages. It nevertheless strives to be profitable in regards to organizational profitability. Performance is the action or procedure of doing or accomplishing a task, assignment or function. It can likewise be said to be the fulfillment of a target in a way that discharges the executor from all liabilities under that agreement. Ideally for any project, work or activity there is a set standard or expectation that is in place to ensure that it is done in a way that it will leave the concerned party satisfied. Performance should be an ever continuous process that entails innovation, growth strategy and/or improved execution. Uber came into the Kenyan Market in 2015. In spite of its recent introduction in Kenya, Uber has improved its performance on an ever exceeding rate as a convenient means of transport. It has grown exponentially over the few years coming up with dynamic growth and expansion strategies that have revolutionized the transport industry in Nairobi, Kenya. It has moved in the recent past from Nairobi to two other towns in Kenya i.e. Mombasa and Thika Town. Uber has kept its standard of providing quick, comfortable and reliable transport over the time it has been in operation. It has attracted many partners to join and add more vehicles in its platform and therefore Uber has become the premium digital cab within

Nairobi. In essence, it has created many driving jobs and thus enhanced the economy of the county. Uber has been a cost leader in the digital cab business through its very competitive price and offers to clients.

Seeing how business utilizes competitive strategies for execution and to succeed has been at the center of key of strategic management research for a considerable length of time (Hitt et al.2014). Competitive methodology isn't static however a progression of interconnected activities and responses unfolding over time (Chandler, 2002), Hofer and Schendel (1978). Competitive strategy is defined as the long haul plan of a specific firm to increase competitive preferred standpoint over its rivals in the business. Competitive strategies are crucial to organizations contending in a market that is immersed with options for purchasers. Most firms in their effort to be successful have to have a steady adaptation process i.e. in the midst of competitive rivalry; they adopt competitive strategies in their response to environmental changes. Competitive strategies requires firms to research and ponder how different firms carry on after some time to pick up knowledge into the causes and results of competitive strategies. They have to watch the timing and duration of key strategic changes. There is additionally need to account for the long term path characteristics of strategic change. The competitive strategies applied by Uber are cost leadership, differentiation and cost focus which they use to enable them to have a competitive advantage in the online cab business in Kenya. Uber is a specialist organization that combines two necessities in an unobtrusive way. It provides transportation to people who need to move from one place to the next at the same time gives opportunity to individuals who need to set up a taxi business. It connects accessible drivers with people who require transportation to different destinations. This organization does its activities through a versatile phone application. Uber is spread in around 58 nations and 298 urban areas universally and counting. Uber drivers have their own vehicles and are given the chance to work with their own work timetable.

Uber has high overall revenues and keeps offering openings because of its famous development. This has been achieved by the quick response rate and effectiveness. It has additionally demonstrated that it can adapt well to the ever changing business environment when contrasted with its rivals. Uber has been preferred by clients due to its reasonable prices for its customers and its dynamic pricing system. The target clients for Uber is based essentially on the premise of what number of customers are online and have opened their application and at a given period. Be that as it may, dynamic pricing needs colossal measures of information and making of complex calculation which can anticipate what's to come. The calculation considers information, for example, nearby occasions, number of request per time, estimated uber cars in a particular place etc. Uber is a dynamic ability structure that is made up of complex system. It is worldwide because of the computerized affordance that permits mix of advanced plan that incorporates client experience and input into the system. Uber is presently in the technology era where they have better structures, better coordination and can oversee relations with their partners better than their rivals in the taxi industry. They draw closer and are more responsive to their customers.

Uber is a quintessential on-request economy organization, in charge of about 66% of all ventures in the platform –based labor market as per Harris and Krueger (2015) .It was established in 2009 but launched in 2010 in the U.S. San Francisco California by Travis Kalanick and Garrett Camp and has developed at an exponential rate (Jonathan V. Lobby and Alan B. Krueger, Nov, 2016). It operates in more than 633 urban areas all over the world. Uber began as an application to request for premium dark vehicles in a couple of metropolitan regions yet now it is changing the

logistic fabric of urban areas around the globe (Uber, 2018). Uber works through mobile phone application which interfaces drivers and riders. In the urban communities where Uber works, the rider asks for a ride through the Uber application. At the point when an adjacent driver acknowledges a rider's demand, the application shows an expected arrival time for the driver headed to the rider's pick up area. The application informs the rider when the driver will be going to arrive. The application furnishes information about the driver with whom the rider will ride with. Drivers who partner with Uber appear to be attracted to the platform largely because of the flexibility it offers as opposed to other cabs, the level of compensation, and the fact that earnings per hour do not vary much with the number of hours worked (Jonathan V. Hall, Alan B. Krueger, 2016). Uber's driver-partners are more similar in terms of their age and education to the general workforce than to taxi drivers and chauffeurs. Most of Uber's driver-partners had full- or part-time employment prior to joining Uber, and many continue in those positions after starting to drive with the Uber, which gives them flexibility to set their own hours of Uber driving. Uber's driver-partners also often cited the ease of getting their income as a reason for partnering with Uber. Thus in the many cities that Uber operates, it has strengthened the local economy, improved access to transportation and makes streets safer by its reliability and convenience. Uber fares are based on flexible pricing model, in which charges are high amid times of high demands for rides. The same route may cost different amount at different times as a result of factors such as the supply and demand of Uber drivers at the time the ride is requested.

2. STATEMENT OF THE PROBLEM

Currently, individuals as well as corporate organization are finding it convenient to use online cabs to provide quick, convenient and reliable transport within the cities since the emergence of the same. This is attributed by the fact that getting the service is just a click away through one's mobile phone and it is relatively cheap in relation to the convenience it provides. Uber has revolutionized the private transport industry and been the market leader in Kenya having the biggest market share since its introduction in 2015. In Kenya, and especially in Nairobi, the ease of developing online taxi solutions and the high earning potential the taxi industry has encouraged a flurry of investment resulting in a high number of new entrants into the sector. As the sector grows, it also attracts a lot of scrutiny from government organizations not only for the purposes of regulation, but because of its huge revenue potential. Companies, therefore, need to develop strategies that ensure they can increase their earning potential and mitigate their exposure to future risks. In addition, they need to enhance their flexibility to react to changes in their environment by improving their overall decision-making processes. The ability to be decisive in the face of uncertainty is especially important to the survival of technology innovation companies such as online taxi service providers because of the dynamic nature of systems and consumer needs. To survive and thrive, companies must develop strategies that help them actively remain relevant and competitive in the market so as to maintain the clients they already have and attract more in the process. They should also ensure that they stay abreast of their conventions so that they continue to enhance their systems to increase their efficiency and to stay ahead of their competition.

Several studies have been conducted on the role of competitive strategies in achieving competitiveness or competitive advantage. Although the same has been conducted in different contexts, the concept of competitive strategies remains largely the same. Onyango (2016) focused on the adoption of e-hailing applications and the competitiveness of app-based taxi operators in Nairobi, Kenya. The study explored the link between e-application adoption and the

competitiveness of an organization but it did not address how various competitive strategies help the companies achieve competitive advantage. Ndungu (2013) studied the competitive strategies adopted by KENATCO Taxis Limited to achieve competitive advantage. Although this study was based on the taxi industry in Kenya, focusing on operations of the company within Nairobi, it focused on the traditional taxi model. The study established that the taxi industry in Nairobi was a competitive sector with many taxi companies targeting the same market. The study, however, did not focus on the new technological developments in the sector, as will be the case in this study. Different studies have been done on the role of competitive strategies in achieving competitive advantage in business management. Tuan and Yoshi (2010) completed an investigation in Vietnam about the competitive advantage, Organizational capacities and execution in supporting ventures. The findings uncovered that organizational competences were associated with competitive favorable position and execution. Further Iuliana et al., (2010) did a research on SMEs competitive preferences. The research established that the survival of such endeavors in a globalized and competitive environment set forward that the organizations have distinctive abilities and they productively they them. Additionally a study in Slovakia on competitive points of interest and procedure of SMEs was done by Papulova and Papulova (2016). The research found that strategic success calls for considerate perception of the requirements of the marketplace and the satisfaction of targeted customers more excellently and beneficially than by adversaries.

More studies about competitive strategies have been likewise done in Kenya. Kiiru (2015) inquired about strategic orientation, dynamic capacities and competitive favorable position of all small and medium-retail ventures in Kenya. The outcome of this investigation showed that such ventures competitive favorable position is influenced by the course of action of strategic dynamic capabilities employed. Additionally Chege (2016) examined on the competitive strategies employed by SMEs in Kenya. The examination revealed that assembling SMEs adopted cost initiative methodology and defend their market share from their rivals through importation of crude materials, advancement and enhancing internal business processes. Muhamed (2014) additionally did an examination in Nairobi County about the strategies which small and medium venture has utilized to create competitive advantage. The study revealed that SMEs developed competitive preferred standpoint strategies, one of the strategies adopted was marketing strategies where aggressive advancement and relationship marketing were generally embraced. The above studies indicate the relationship between competitive strategies and competitive advantage various industries. However, it is evident that neither focused on the online taxi sector and the competitive strategies they chose to adopt to attain competitive advantage. First announced in 2014 in Kenya but started operation in 2015, the online taxi service is relatively new in this country. It is for this reason that this study focused on the ride-hailing taxi industry and the effects of the strategies they have employed to break through the market and establish a fast growing dominance in the sector. The competitive strategy used by most online cab application service is an area that has limited research knowledge. This creates a proper avenue to fill the gap that other researchers have left. The study focused on the effect of competitive strategies on performance of uber online taxi firm in Nairobi, Kenya.

3. OBJECTIVE OF THE STUDY

The general objective of this study is to determine the effect of competitive strategies on the performance of Uber Co. Ltd in Nairobi, Kenya.

The specific objectives were:

- i. To examine the effect of cost leadership strategies on the performance of Uber Co Ltd in Nairobi, Kenya
- ii. To determine the extent to which differentiation influences the performance of Uber Co. Ltd in Nairobi, Kenya
- iii. To establish the relationship between focus strategy and the performance of Uber Co. Ltd in Nairobi, Kenya

4. THEORETICAL REVIEW

4.1 Porters Competitive Theory

The fundamental basis of firms is to be profitable and also have a sustainable competitive advantage over its competitors in the long run. This can be achieved through three main competitive strategies i.e. cost leadership, differentiation and focus. In cost leadership, a firm seeks out to become the low cost producer in its industry. They may do this by use of technology, economy of scale, preferential access to raw material etc. For the case of Uber, they have invested immensely in technology to have a competitive edge over their competitors. In a differentiation strategy, a firm seems to be novel in its industry along some values that are commonly regarded by buyers. It picks one or more qualities that various buyers in an industry see as valuable, and uniquely positions itself to address those issues. It is rewarded for its uniqueness with a higher price. Uber set out to offer sumptuous vehicle that are in great condition and set up their phone application to trace and contact the closest driver to a customer in this manner offer fast response and service. The application as well can provide accurate estimate rate amounts for a client so they have an idea of how much their trip will cost before actually requesting for the same. The focus strategy chooses a segment or group of the same in the business and tailors its approach to serving them to the prohibition of others.

4.2 Resource Based View

Resource based view is a system that targets to achieve competitive advantage of a given firm over its rivals in that industry. It was used in the mid twentieth century as an economic instrument for a firm. It was set up by Wernerfelt amid the 1980s. As demonstrated by the research, firms should look for resources as determinants of competitive edge over their rivals rather than concentrating on the prerequisite surroundings that contains competitive advantage. This model supposes that firms need to rely upon tangible and intangible goods that must be heterogeneous and immobile (Laosirihingthong, Prajogo and Adebanjo, 2014). Firms ought to be unique and have a variety of resources. The diversity is with respect to the kind of assets that the firm controls. Moreover, the assets need to exist over a period of time since they will be used to complete other firm's strategies. The contention goes like "all organization in a market have a comparative proportion of resources; no strategy is available to one firm that would not in like manner be available to all other firms in the market" (Blome, Schoenherr and Eckstein, 2014). Nevertheless, heterogeneity and stillness are deficient for a sustainable competitive advantage. As indicated by Wernerfelt (1995) RBV is a hypothesis that clarifies how competitive strategy can be accomplished by firms. The real worry in RBV is the association's capacity to keep up a blend of resources that can't be controlled by a contender. These resources need to display traits of value, rarity, immobility and organization with the goal for them to have an upper hand over their opponents in a similar industry. The major challenge would be how to manage resources with the qualities stated above so that they can achieve better performance over their rivals. This is cultivated by how this system is value creating and not how it is currently being executed by

present or possible future contenders. The resource based view (RBV) as a basis behind the competitive advantage of a firm lies primarily on a very basically in the usage of a stack of vital tangible or intangible resources at the organization's disposal (Mwailu and Mercer, 1983, Wernerfelt, 1984; Rumelt, 1984; Penrose, 1959). To change a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile as referred to by Peteraf, (1993). This proselytes into valuable resources that are neither perfectly imitable nor substitutable without great effort. This technique can be made more effective by adjusting a company's internal environment, by inspiring staff to deliver, providing training and coaching opportunities and investing in the latest innovation that is increasingly viable and delivers timely empowering a firm to increase its competitive advantage over its rivals and subsequently enhanced performance.

4.3 Miles and Snow Typology

Miles and Snow's (1978) typology classifies firms into four specific groups, i.e. defenders, prospectors, analyzers and reactors based on how a firm reacts to three challenging issues confronting it. These are entrepreneurial, engineering and administrative issues. According to them, the entrepreneurial issue characterizes a firm's product-market area; the engineering or designing issue centers around the selection of advancements and process of production and dispersion; and the administrative issue involves the formulization, rationalization and development of an association's structure and policy approach (see Miles et al., 1978, p.20-23). Miles and Snow have delivered a typology of business-level strategies. Rather than corporate-level methodology, i.e. choices related to what businesses should the firm get into, business level strategy is related to how the firm competes in a particular business (Hambrick, 1983). Miles and Snow recommended that organizations in general develop moderately stable patterns of strategic behavior in order to accomplish a good alignment with the perceived environmental conditions. Miles and Snow have likewise suggested that the four distinct kinds of system would vary in three essential elements, what they have called the adaptive cycle. Strategy differentiation is based on distinct approaches to: a) Entrepreneurial issues: definition of a market-product domain; b) engineering issues: decision of technical systems; c) administrative issues: identified with hierarchical structure and procedures. Integral to Miles and Snow's model is the particular connection between the four vital conditions. Consistent with the environment enacting process, defenders will cut a specialty in the market where stability can be found even in dynamic enterprises, whereas prospectors will be the source of instability in an industry by always creating or coming up with innovations.

4.4 Balance Score Card

This tool was developed by Professor Robert Kaplan and Professor David Norton of Harvard University. It helps managers to monitor diverse set of important measures of performance in an organization. The main idea behind this is to provide a balance between the financial measures and other measures that leads to a sustained, long term performance. Four dimensions of the organization are reflected i.e. financial, customer, internal business process and learning and development (Kaplan & Norton, 1992). Financial measures relate to organization profit/loss based on financial ratios. These measures are articulated on financial reports. Customer measures of performance relate to customer attraction, satisfaction and retention. Internal Business Processes relate to the operations and control systems in an organization. Learning and Development relates to ways and means of enhancing knowledge and application of the same to enhance performance of employees through coaching, trainings etc.

4.5 Servqual Theory

This theory is a multi-item scale created to assess customer view of quality in service and retail organizations (Parasuraman et.al., 1988). It fragments the idea of service quality into five i.e. Tangibles-physical facilities, equipment, staff appearance; Reliability, responsiveness, assurance, empathy. Servqual represents service quality as the difference between a customer's perception of the service offering and his or her awareness of the service received, it requires the responder to answer questions about both their expectations and perceptions (Parasuraman et.al., 1998). It is considered as an important and valuable part of businesses since it determines the organizations values as well as satisfies client's needs. It is considered at given circumstance and targets at meeting the client's needs and wants, and how well the service delivered conforms to clients' supposition (Namukasa, 2013). It might in this way, be described as the general impression made by the client in relation to the proficiency of the business and its services (Park et al., 2004). It might likewise be considered as a chain of activities that the entire service delivery is distributed (Chen and Chang, 2005). It has additionally been described as the contrast between what clients expected with respect to the service they perceived and what they actually received (Ueltschy and Krampf, 2001; Zeithaml and Parasuraman, 2003).

5. CONCEPTUAL FRAMEWORK

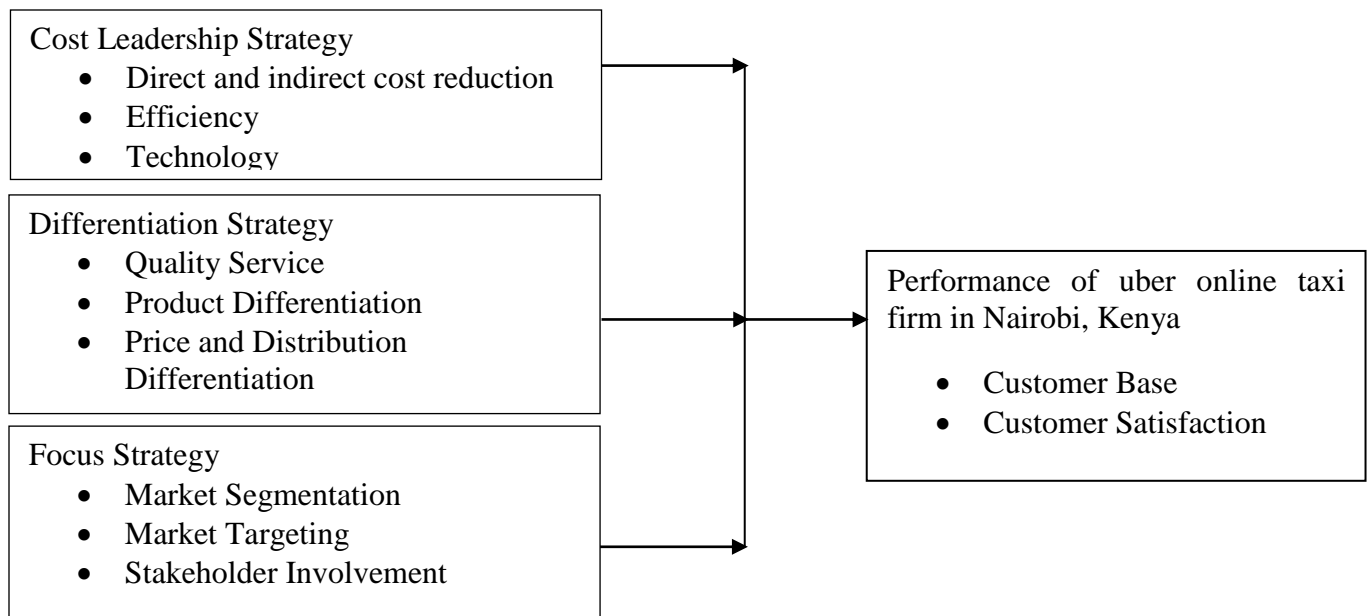


Figure 1: Conceptual Framework

6. RESEARCH METHODOLOGY

Descriptive survey design was utilized in this investigation survey. This study targets vehicles that ply three areas in Nairobi; Nairobi West, CBD, and JKIA. The unit of analysis was the drivers/owners of these taxis bringing a total of 130 operators. From the above target population, no sampling was taken. A complete census of all was preferred in all those categories. For this research the questionnaires were utilized for the 130 respondents. I had a team of two assistant to help in distributing the questionnaires. The team targeted respondents from the various categories of uber. After they filled the questionnaires, they were collected. The collection of the data took 30 days. This study obtained first, data on the strategic approaches employed by Uber

Transport Company in Nairobi Kenya through the use of its questionnaire. The data collected focused on exploring the cost leadership and product differentiation approaches the company applies in order to perform a higher standard. From this information, data analysis determined the competitive strategies employed by uber and their perceived effect on gaining competitive advantage within the industry. The data collected in this study was analyzed using descriptive statistical techniques. This included the use of frequencies, mean, and standard deviation to derive meaning. Questionnaires were basically transcribed and qualitatively analyzed through content analysis and the data presented using tables and graphs. The secondary data obtained from previous works on the area of study was analyzed through content analysis by applying the summative content analysis approach. This involves the comparison of content from various authors that have studied the ride-hailing development in various countries and thereafter, drawing interpretation from the underlying context in each case. Regression analysis was used in the study for testing hypothesis about the relationship between a dependent variable (y) and two or more independent variables (x).

7. DATA ANALYSIS RESULTS

In this study, a multiple regression analysis was conducted to establish relationship between the variables and the dependent variable.

Table 1: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.899	0.851	0.811	0.595

R-Square (coefficient of determination) is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R^2 , also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. The table above indicates the model summary. From the findings, R was 0.899, R square was 0.851 and adjusted R squared was 0.811. An R square of 0.851 implies that 85.1% of changes in performance of Uber is explained by the independent variables of the study. There are however other factors that influence performance of the uber that are not included in the model which account for 14.9%. An R of 0.899 on the other hand signifies strong positive correlation between the variables of the study.

Table 2: ANOVA results

Model	Sum of Squares	Df	Mean Square	F	Significance
Regression	638.04	6	560.4	676.015	0.0912
Residual	281.40	341	0.950		
Total	919.44	347			

From the ANOVA table above, the value of F calculated is 676.015 while F critical is 489.465. Since the value of F calculated is greater than F critical, the overall regression model was significant and therefore a reliable indicator of the study findings. In terms of p values, the study indicated 0.000 which is less than 0.05 and therefore statistically significant.

Table 3: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std Error	Beta	t	Sig
Constant	7.49	0.674		8.012	0.000
Cost leadership strategy	0.655	0.022	0.811	14.15	0.00
Differentiation strategy	0.876	0.033	0.120	11.04	0.000
Focus strategy	0.945	0.029	0.127	1.15	0.000

The resultant regression equation becomes; $Y = 7.49 + 0.655X_1 + 0.876X_2 + 0.945X_3$ Where Y is the performance of Uber in Nairobi City County, Kenya; β_0 , β_1 , β_2 , β_3 and β_4 are the regression coefficients and X1, X2 and X3 represent cost leadership, differentiation and focus strategies respectively. This implies that when all the variables of the study are held constant, performance of Uber will be at the intercept which is 7.49. A unit improvement in low cost leadership strategy while all other factors held constant results in 0.655 increase in performance of the Uber, a unit increase in differentiation strategy with other factors ceteris paribus leads to 0.876 increase in performance of Uber. Similarly, a unit increase in focus strategy while other factor ceteris paribus, translates to a 0.945 increase in performance of Uber while a unit increase in adoption of combination strategy with other factors held constant leads to a 0.860 improvement in overall performance of Uber.

8. CONCLUSION

The study concludes that cost leadership affects performance of Uber Taxi Company through factors such as fuel prices, parking payments, commissions for drivers and the state of the road. This was supported by a mean score on the Likert scale of 4.011 from the respondents. Uber as such has to consider these factors in order to increase efficiency. Cost leadership strategies are all about maximizing production while minimizing the cost of operation. On the topic of differentiation, this study concluded that differentiation affect performance of Uber Taxi Company through improved customer relations, maintaining the nature of their vehicles, quality customer service and price differentiation. This was supported by a mean score on the Likert scale of 4.252 from the respondents. Differentiation strategy is an approach under which an organization aims to develop and market unique services and products for different customer segments. The study also concluded that focus affected performance of Uber Taxi Company through various aspects such as choosing the operating zone/location of the vehicles, the nature of clients and income class of clients has an effect the performance of Uber Taxi Company. It was also pointed out that customer targeting has an effect but a low one on performance of Uber. This was supported by a mean score on the Likert scale of 4.189 from the respondents Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by larger competitors.

9. RECOMMENDATIONS


This study recommends that Uber as an online ride hailing companies should embrace and invest in cost leadership strategies so as to reduce their general cost of services in order to save revenue and remain competitive. The main factors that affect their cost as discussed in this study are: fuel prices, parking payments, commissions for drivers and the state of the road. Fuel prices can be countered by choosing the most cost friendly petrol station and bulk fueling to achieve economies of scale. Additionally, another factor is parking payments which can be countered by

selective locationing of the taxis to reduce or save costs for the drivers. With regard to Uber, the management should respond swiftly to environmental changes and eroded value that arises from competitor activities. The study further recommends that in order for Uber drivers to enhance their performance, they should invest more in differentiating their service through continuous improvement of their customer relations, the nature of their vehicles and customer services. On the part of the management, they could further differentiate their prices by use of dynamic pricing in order to have an edge over their competitors such as taxify. This is in order to make them unique and innovative, and conducting regular and continuous promotion/advertising campaigns to enhance awareness. The company should counter five fundamental competitive forces that drive industry competition which include threat of new entrants; threat of substitute products; bargaining power of suppliers; bargaining power of buyers and rivalry among current competitors. The study recommends that Uber should first understand and know its motive and capability before adopting a certain competitive strategy for example focus strategy. They should know on what basis to segment their services and operations. As the markets become dynamic and consumers more irregular, the company needs some form of market segmentation to efficiently satisfy the market needs. What makes an organization different from a competitor's should be established. For Uber certain variables need to be considered such as operation zone, timings and internal processes.

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