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Effect of Differentiation Focus Strategy on Performance by Selected Car Rental Business: A Case of Nairobi City County, Kenya

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Abstract:

Differentiation focus strategy is founded on choosing a market niche where purchasers have idiosyncratic favorites. Parameters of performance indicators include revenue growth, customer satisfaction, market share growth, profitability and productivity. The objective of this study was to determine the effects of differentiation focus strategy on performance of selected car rental businesses a case of Nairobi City County, Kenya. This study was a cross-sectional descriptive study design where purposive sampling technique was used to select fifteen (15) car rental business in Nairobi City County. Stratified and simple random sampling technique was employed in recruiting three categories of respondents. Structured questionnaires were used to collect primary data which will be analyzed by Statistical Package for Social Science (SPSS) version 22. Descriptive statistics such as frequency, regression and correlation analysis was used to give the results of the study. The findings of the study revealed that differentiation focus strategy were statistically insignificant at P value greater than 0.05 by Chi-square and analysis of variance. There by accepting the null hypothesis that differentiation focus strategy had no effect on performance of car hire business in Nairobi City County. Correlation analysis revealed that there was no correlation between differentiation focus strategy and indicator of performance improvement at r value 0.046 and a negative correlation between differentiation focus strategy and extent of performance at r value -0.010. Multiple logistic regression analysis showed that differentiation focus strategy had a significant (P value 0.00) association between very large extent, great extent, moderate extent of performance, indicator of performance improvement. In conclusion, differentiation focus strategy was considered statistically insignificant on performance as a result the null hypothesis was accepted and the alternative hypothesis rejected. This study recommends that the future research be carried out using moderating effect of the car hire business on influence of differentiation focus strategy on performance.*

Keywords: Differentiation focus strategy, performance, car rental business

1. Introduction

Performance remains a fact of life which can be felt in work, play or any activity where monetary attention can be deduced if necessary (Paul., Jim and Harinder, 2007). To understand the findings of measured performance, estimations, selection criteria and the procedures used during quantification must be well explained (Ittner and Larcker, 2003). It is vital to evaluate performance procedures because it gives a bearing on where a firm stands compared to competitor (Keung, 2000). Competitive advantage results from matching core competence to opportunities. Attaining supremacy and control during competition against competitor in the same industry describes competitiveness (Lengyel, 2004).

Strategy is fundamental in positioning a firm in the wider external environment. The firm needs to look at itself of what the competitor are doing (Johnson, and Scholes, 2004). Competitive strategy is a guide of decision in a company that give direction and disclose its intensions, purpose or ambitions and plans for achieving set goals (Githae, 2004). Competitive strategies necessitate that for a firm to gain competitiveness it needs a distinctive style of competing. It is necessary for a business to have a maintainable competitive advantage to compete but it more important is whether the competitive advantage is sustainable (Kimando, Njogu, and Sakwa, 2012). Thompson and Strickland (2010) on their part define competitive strategies as consisting of the tactics and methods employed by a business to entice buyers, endure market pressure and advance its market standings. Lester (2009) on his part argues that competitive strategies enable a business outline its position presently, tomorrow, and determines the market to compete in. Johnson and Devonish (2009) observed that when competitive strategies are prearranged and implemented by a business organization these firms tend to better performance than their counter who fails to adopt them.

Porter (1980) outlined competitive strategy to include cost leadership, differentiation, location strategy and customer service and communication strategies. In competitive strategy a business employs the use of various methods to charm

clients, endures pressure from competitor and progresses its current position. To achieve long standing strategy business should pursue a sustainable tactic that will give it competitive advantage founded on generic strategies (Grant, 2002). Parameters of performance indicators include revenue growth, customer satisfaction, market share growth, profitability and productivity (Ortega, 2010). In an organization, performance is a complex interrelationship of seven criteria; effectiveness, efficiency, product and or service quality, productivity, quality of work life, innovation and profitability (Mc Kee, Varadarajan, and Willian 2006). Some studies support Porters assertion that performance of firm pursuing either cost leadership, differentiation or focus strategies are superior than those firm stuck in the middle (Powers, and Hahn, 2004) while others reported better performance for hybrid strategies (Leitner, and Guldenberg, 2010). Koo, Sang, Kim, and Nam, (2007) found that not all generic strategies are associated with high performance in a specific industry. For instance, they noted that differentiation strategy is best route for e- business to achieve higher performance.

1.1. Car rental Business in Kenya

The transport industry is growing at a very fast pace in tandem with bulging population. According to Kenya National Bureau of Statistics, passenger transport in Kenya grew by 2.9% to a mass Kenya shilling 322.2 Billion in earning in 2015 alone (Kenya National Bureau of Statistics, 2016). In Nairobi City, business involving hiring of cars has been on the rise. In recent years, car hire business has been considered a booming business in the City. The amount of income generated by the car hire business in the City can be as low as Kenya shillings 2,500 per day depending on the make of the car and duration of the service rendered. The price withstanding one is required to fuel the car and return it promptly once the duration of the lease has expired to hire company in Nairobi (Wamugunda, 2014).

Car hiring in Kenya rents automobile for a short period of time, which varies from hours, days, or weeks. There are over fifty car hire companies in Nairobi; Almaco car hire, Amco Taxi & car hire, Arrow car hire Ltd, Avenue car hire, Avis rent a car Ltd, Barnany car hire just to mention a few (Venasnews, 2016).

1.2. Problem Statement

Supermarkets in Nairobi adopted differentiation strategies as a competitive strategy to achieve competitive advantage (Kinyua 2010). Cost leadership and differentiation strategies have been adopted by sugar manufacturing companies (Obado 2005). Petroleum industries in Mombasa chose to use cost leadership and differentiation strategies as a competitive strategy (Amir 2007). Airtel Kenya Limited used low cost strategy and differentiation strategy to win over consumers (Kamau 2009). Safaricom Kenya Limited on the other hand used cost leadership, focus and market strategy as their competitive strategies (Njuguna 2012).

Well organized management systems, traffic management, competition and minimal regulation has been recommended by World Bank (2002) as an urban transport strategy as opposed to dwelling on economic strategy that has been widely adopted. Previous study done by Masai (2012) on the competitive strategies adopted by registered taxi firms in Mombasa County found out that the taxi firm adopted cost leadership and differentiation strategy. Report by Wamugunda (2014) observed that car hiring business is on the sudden rise with good returns.

As competition is on the rise business needs to be alert and develop strategies that will enhance their survival in the changing environment (Malburg, 2000). The level of competition in the car rental businesses has been increasing rapidly in the resent years. The car rental business seems to be facing challenges in implementing the competitive strategies due to the nature of organization structure and organizational culture. It is therefore evident that if a car rental businesses adopts competitive strategies that is in line with its organization structure and culture then it's likely to have a niche in this industry. It is on this basis that this study seeks to determine differentiation focus strategies and performance that have been adopted by the selected car rental business in Nairobi City.

1.3. Objective of the Study

To establish the effect of differentiation focus strategy on performance by selected car rental business, a case of Nairobi City County, Kenya.

2. Literature Review

2.1. Theoretical Review

2.1.1. Porter's Five Forces Model

Analyzing the five competitive forces is essential for an organization to boost competitive advantage. The profits achieved are dependent on how an organization adopts the utilization of the competitive strategies (Porter, 2003). Studies have shown that when a firm implements the five competitive forces successfully, it will be easy for it to choose a generic strategy that will give it competitive advantage (Kitoto, 2005). Miller and Dess (2010) suggested that the generic strategy frame work could be enhanced by viewing cost, differentiation and focus as the three dimensions of strategic positioning. Profitability of a firm is swayed by the five competitive forces existing in the industry (Porter, 1985).

2.1.2. Configuration Theory

Marketing events should be established in a way that accommodates strategies developed by an organization as this will improve performance (Douglas, and Neil, 2003). In a configuration theory the structure of an organization and environment in which it operates has an influence on performance (Fincham and Rhodes, 2005). To survive in the

dynamic market forces an organization should endeavor to develop sustainable strategies due to environmental restrictions (Gao, Zhou, and Yim, 2007).

2.2. Empirical Review

2.2.1. Differentiation Focus and Performance

Just like low-cost focus strategy differentiation focus targets a specific subset of the market. For example, manufacturing or offering services targeting left-handed people (Dani, 2017). Market focus had shown to improve performance significantly among telecommunication companies in Kenya. Several promotions were used to enhance market focus strategies (Kyengo, *et al.*, 2016). Study conducted among supermarkets in Nairobi reveal that differentiation focus strategy was the most effective strategy to use (Mutegei, 2013). Bank of India, Kenya concentrated on the use of focus/market niche kind of strategy among the Indian community (Achoki, 2013).

For differentiation focus strategy to be effective, consumer's preference needs to be well understood and the competitor firms need to show lack of interest in that precise market (Davidow and Uttal, 2009). According to Grants (2013), buyer's differentiation focus strategy should be incorporated as a crucial factor and the different market segment factored in. A solid relationship between a company and its customers can be created and boosted by ensuring that attention to details is provided to clients at all levels to abolish any form of unease (Young, 2009). Certain firms pick concentrate on their abilities which is unique from their rival as a differentiation focus strategy to improve their performance.

Improvement on performance by adopting differentiation focus strategy encompasses targeting a specific market segment and capacity to offer niche different from competitor (Stock, 2009).

According to Porter (2010), differentiation focus is founded on choosing a market niche where purchasers have idiosyncratic favorites. The distinctive niche is demarcated by geographic distinctiveness, particular requirements in consuming the produce or by a distinct qualities that meets the demands of loyal customers (Stock, 2009).

3. Research Methodology

3.1. Research Design

This was a cross-sectional descriptive study design where both quantitative and qualitative approaches were employed.

3.2. Empirical Model

This section describes the empirical model that was used in testing the research hypothesis. Empirical models capture the operationalization of variables into quantifiable parameters. It entails comparing null and alternative hypothesis. If the P-value is found to be less than (or equal to) α , then the study would reject the null hypothesis and accept the alternative hypothesis. However, if the P-value is found to be greater than α , the study should not reject the null hypothesis.

Variables		Hypothesis	Test
Independ variables	Parameters		
Differentiation focus (X ₁)	<ul style="list-style-type: none"> - Package for corporate companies - Package for events like wedding, graduations etc. - Onetime individual package - Periodic events within a calendar year 	H ₀ ₁ : Differentiation focus strategy has no significant influence on car hire business in Nairobi City	Multiple regression: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 Z + \mu$ Accept if $p < .05$ or otherwise reject
Dependent variable	Parameters	Hypothesis	Test
Performance of car hire business (Y)	<ul style="list-style-type: none"> -Nairobi city ranking by the county residence -The number of clients -Revenue generated - Periodic compliments from client 		

Table 1: Variables and Hypothesis

Source: Author (2018)

3.3. Target Population

This study targeted 15 car rental business companies which were licensed by the Nairobi city council licensing department.

Stratum	Population Size (Nc)	Sample Proportion (Nfc)	Sample Size
Top management	15	15	45
Middle managers /Fleet manager	45	30	94
Supervisors /operative employees	394	372	61
Total	454	417	200

Table 2: Targeted Employees in the 15 Car Hire Business
Source: (Mduduzi, and Bertha, 2011)

3.4. Sampling Procedure and Technique

Since there are over fifty car hire companies in Nairobi (Venasnews, 2016) and a representative sample should be 10-30% of the target population (Kothari, 2004) the study used 30% of 50 car hire companies settling to 15 registered and licensed cars rental business in Nairobi city. The targeted 15 car rental business have a total staff of 454 represented in table 3.1. Krejcie and Morgan formula will be used to determine the sample size because the sample is less than 10,000 (Krejcie and Morgan 1970). When the population is finite, the following formula (Krejcie and Morgan 1970) is used to determine the sample size:

$$S = \frac{X^2NP(1-P)}{d^2(N-1) + X^2P(1-P)}$$

$$S = X^2NP(1-P) \{d^2(N-1) + X^2P(1-P)\}$$

X^2 = the table value of Chi-square for 1 degree of freedom at the desired confidence level

$$(1.96 \times 1.96) = 3.841$$

N = the population size

P = the population proportion (assumed to be 50)

D = the degree accuracy expressed as a proportion (0.5)

$$S = 3.841 \times 454 \times (1-0.5) / 0.05^2 \times (454-1) + 3.841 \times 0.5 (1-0.5) = 417 \text{ at } 95\% \text{ confidence level with } \pm 5\% \text{ precision}$$

Since the total population in this study was less than 10,000 and the principal investigator applied finite correction formulae (nf) that was applied together with the Krejcie and Morgan 1970 formula in successive steps as shown;

$$nf = \frac{n}{1 + n/N}$$

Where n was the sample size, at 95% confidence level with $\pm 5\%$ precision, and N was the total target population.

$$N = 454$$

$$n = 417$$

$$nf = n / (1 + (n/N))$$

$$nf = 417 / (1 + (417/454)) = 200.156$$

Approximately 200

The study interviewed 200 respondents to collect data that answered the set objectives.

3.5. Sampling Design

The study employed stratified and simple random technique in recruiting the three category of the respondent. The employees in each car rental business were stratified then simple random sampling was used to recruit subjects in the three level of management.

3.5.1. Validity

In the questionnaire, validity checks were conducted to guarantee that the tool measured only what it was supposed to measure and that the three approaches used to measure validity included, content validity, construct validity and criterion validity.

The supervisor's comments (with respect to sensibility and precision) on the individual questions was used to calculate content validity index (CVI) using the formula: $CVI = K/N$. Where K = Total number of items in the questionnaire declared valid by both the supervisors. N = Total number of items in the questionnaire

According to Amin (2005) an instrument is considered valid if the CVI is at least 0.7. After scrutiny of the supervisor's comments with respect to the research instrument, a total 7 out of 9 questions in the instruments were found valid. CVI was therefore calculated as: $CVI = (7/9) \times 100\% = 0.78$. From the results of validity test, it was concluded that the instrument was valid as evidenced by CVI score of 0.78 which is above the recommended CVI of 0.7. In general, the findings showed that the research instrument correctly captured the effects of differentiation focus strategy on performance and as such, it was a reasonable measure of study items, which appeared relevant and important to the study (i.e. face validity).

3.5.2. Reliability

Data collected for this study was measured for reliability. Reliability of the tool was measured to acceptable standards. Regardless of the research design and sampling technique, there was need to consistently measure what ought to be measured and this was done accurately.

All the items in the questionnaire were computed using the Cronbach's Alpha coefficient to determine reliability of the results. A good internal consistency should have high alpha coefficients. The Cronbach's alpha coefficient ranges between 1 and 0 with higher coefficient value being more reliable than the others (Richard and Clark, 2005).

The Cronbach's alpha of 0.26, indicates low level of internal consistency within the sample used and this was attributed to the average covariance among items. Cronbach's alpha does present overall reliability coefficient for a set of variables.

3.6. Data Analysis and Presentation

Statistical package for Social Sciences (SPSS) version 22 was used as software to analyze quantitative data collected. The quantitative data collected was analyzed using a descriptive statistic that includes proportions, mean scores, frequencies and standard deviation.

Binomial and Multiple regression analysis were used to analyze data collected where independent variable (the four competitive strategies) was tested at 95% confidence interval against dependent variable (performance). Where P- value that was gotten to be less than 0.05 was considered statistically significant.

3.7. Ethical Considerations

Research authorization letter for data collection was approved by National Commission for Science Technology and Innovation (NACOSTI) reference number: NACOSTI/P/18/28460/25427 (Appendix III) and the research license granted by NACOSTI serial No. A 21059.

4. Results and Discussion

4.1. Effect of Differentiation Focus Strategy on Performance

This study had sought to explore the degree to which differentiation focus strategy impact on performance by looking at the outcome on selected car rental business in Nairobi City. The study evaluated the research question by viewing the findings of measure of central tendencies, correlation and regression analysis, chi-square tests and analysis of variance.

4.2. Frequency Distribution of the Effect of Differentiation Focus Strategy on Performance

Descriptive statistics was used in the analysis and the outcome of the effect of differentiation focus strategy on performance by the selected car rental business in Nairobi City was presented as in table 3 where the respondent were asked to give their view (in a scale of 0-4) with regard to influence of differentiation focus strategy. The table 3 is offered in two sections, A and B. Where part A shows differentiation focus strategy used and B the effect of differentiation focus strategy on performance.

Section A: Differentiation focus strategy used by selected car rental business in Nairobi City				
	Frequency	Percent	Valid Percent	Cumulative Percent
Package for corporate companies	11	5.5	5.5	5.5
Package for events like wedding, graduations,	112	56.0	56.0	61.5
One-time individual package	7	3.5	3.5	65.0
Periodic events within a calendar year	70	35.0	35.0	
Total	200	100.0	100.0	100.0
Section B: Differentiation focus strategy affects performance by selected car rental business in Nairobi City				
	Frequency	Percent	Valid Percent	Cumulative Percent
Very large extent	122	61.0	61.0	61.0
Great extent	53	26.5	26.5	87.5
Moderate extent	17	8.5	8.5	96.0
Little extent	8	4.0	4.0	
Total	200	100.0	100.0	100.0

Table 3: Frequency Distribution of the Effect of Differentiation Focus Strategy on Performance
Source: Author (Field Data, 2018)

As revealed in table 3, the study found out that the differentiation focus strategy being used by car hire business in Nairobi city was, 56.0% (112) offered packages for events, 35% (70) had periodic events within a calendar year, 5.5% (11) offered packages to corporate companies and 3.5% (7) had a one-time individual package. It was also noted that

differentiation focus strategy affects performance by 61% (122) to a very large extent, 26.5% (53) to a great extent, 8.5% (17) to a moderate extent and 4.0% (8) to little extent.

Findings from table 4.16, revealed that differentiation focus strategy affected performance by 61% (122) to a very large extent, these findings are in agreement with Kyengo, *et al.*, (2016) who recorded that market focus had shown to improve performance significantly among telecommunication companies in Kenya. Similarly, a study conducted among supermarkets in Nairobi reveal that differentiation focus strategy was the most effective strategy to use (Mutegi, 2013). In addition Bank of India, Kenya concentrated on the use of focus/market niche kind of strategy among the Indian community (Achoki, 2013).

4.3. Chi-Square Testing the Effect of Differentiation Focus Strategy on Performance

Chi-square is used as statistical technique to assess the goodness of fit between pairs of observed values and their expected outcome. In this study, chi-square was used to confirm the strength of association between the effects of differentiation focus strategy on the extent of performance by selected car rental business in Nairobi City.

Chi-square was used to test significance level that the differentiation focus strategy had on the extent of performance by the car hire business in Nairobi City. The findings shown in table 4 B indicated that there was no significant (P value 0.81) association between the differentiation focus strategy adopted by the car hire business in Nairobi City and extent of their performance. However, as indicated in table 4 A, it was observed that 40.9% (9) used periodic event in a calendar year as a differentiation focus strategy and it influenced performance to a very large extent. The car hire business that provided packages for events like wedding influence performance by 56.4% (31) to a great extent on performance, 60.6% (63) had a moderate extent of influence on performance by offering packages for events, and 52.6% (10) had a little extent of influence on performance by offering packages for events

Section A: A cross tabulation on the extent of performance and the differentiation focus strategy adopted by the car hire business in Nairobi City						
Extent of performance		Differentiation focus strategy used				Total
		Package for corporate companies	Package for events e.g. wedding	One-time individual package	Periodic events within a year	
Very large extent	Count% within Extent of performance	4 (18.2%)	8 (36.4%)	1 (4.5%)	9 (40.9%)	22 (100%)
Great extent	Count% within Extent of performance	3 (5.6%)	31 (56.4%)	2 (3.6%)	19 (34.5%)	55 (100%)
Moderate Extent	Count% within Extent of performance	2 (1.9%)	63 (60.6%)	3 (2.9%)	36 (34.6%)	104 (100%)
Little extent	Count% within Extent of performance	2 (10.2%)	10 (52.6%)	1 (5.3%)	6 (31.6%)	19 (100%)
Total	Count% within Extent of performance	11 (5.5%)	112 (56%)	7 (3.5%)	70 (35.0%)	200 (100%)
Section B: Chi-Square Tests						
	Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig. (2-sided)		
				Sig.	99% Confidence Interval Lower Bound	Upper Bound
Pearson Chi-Square	5.21	9	0.82	0.81	0.8	0.82
Likelihood Ratio	6.08	9	0.73	0.81	0.80	0.82

Table 4: Chi-Square Testing the Effect of Differentiation Focus Strategy on Performance

Source: Author (Field Data, 2018)

The findings of Chi-Square that tested the effect of differentiation focus strategy on performance indicated in table 4 differentiation focus strategy did not significantly affect performance however it was observed that 60.6% (63) had a moderate extent of influence on performance by offering packages for events. It is worth mentioning that this approach in agreement with Dani, (2017) that stated that differentiation focus targets a specific subset of the market for example, manufacturing or offering services targeting left-handed people.

4.4. One-Way ANOVA of Differentiation Focus Strategy on Performance

A one-way Analysis of Variance (ANOVA) is a method employed to compare the variations between means of groups. This study conducted a one-way ANOVA to test the difference that existed between indicators of performance and the extent of performance. Table 5 A and B shows the difference in means between the respondent's perception in regard to how the differentiation focus strategy affects performance.

Section A: Extent of Performance					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.60	3	0.867	1.334	0.27
Within Groups	127.40	197	0.650		
Total	130.0	200			
Section B: Indicators for performance improvement					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	0.166	3	0.055	0.175	0.91
Within Groups	61.989	197	0.316		
Total	62.155	200			

Table 5: One-Way ANOVA of Differentiation Focus Strategy on Performance
Source: Author (Field Data, 2018)

The finding from one-way ANOVA in table 5 A and 5 B indicates that there is no difference in mean on how different focus strategy affects indicators for performance improvement and also the extent of performance at a P value of 0.91 and P value of 0.27 respectively.

The one-way ANOVA results from table 5 indicated no significant effect of different focus strategy on performance. According to Porter (2010), differentiation focus is founded on choosing a market niche where purchasers have idiosyncratic favorites. The distinctive niche is demarcated by geographic distinctiveness, particular requirements in consuming the produce or by a distinct qualities that meets the demands of loyal customers (Stock, 2009). The likely reason why car hire business in Nairobi city experienced non-significant effect of different focus strategy on performance is because of close proximity in business operation with central business organization targeting clients with in a specific environment.

4.5. Correlation between Differentiation Focus Strategy and Performance

Correlation is a quantitative valuation of how any two variable equivocate each other. When there is a rise or fall between these two variables in parallel, then the correlation is held a positive. In the cases where one of the variable increases while the other decreases then the correlation is described as negative. Correlation analysis was done to quantify the strength of linear association between differentiation focus strategy, indicators for performance improvement and the extent of performance.

This study explored to find out if there was a significant correlation between the differentiation focus strategy, indicators of performance and the extent of performance by the car hire business in Nairobi City. The study findings in table 6 A and B revealed that there was no correlation between the differentiation focus strategy and the indicators of performance improvement at a r value of 0.046, further to that there was also a negative correlation between the differentiation focus strategy and the extent of performance at a r value of -0.010.

Section A: Correlation between differentiation focus strategy and indicators for performance improvement			
		Differentiation focus strategy used	Indicators for performance improvement
Differentiation focus strategy used	Pearson Correlation Sig. (2-tailed)	1	0.046*
	Sum of Squares and Cross-products	205.52	0.52
Indicators for performance improvement	Pearson Correlation Sig. (2-tailed)	0.046*	1
	Sum of Squares and Cross-products	0.52	62.16
Total		200	200
Section B: Correlation between differentiation focus strategy and the extent of performance			
		Differentiation focus strategy used	Extent of performance
Differentiation focus strategy used	Pearson Correlation Sig. (2-tailed)	1	-0.010*
	Sum of Squares and Cross-products	205.52	0.891
Extent of performance	Pearson Correlation Sig. (2-tailed)	-0.010*	1
	Sum of Squares and Cross-products	0.891	130.0
Total		200	200

Table 6: Correlation between Differentiation Focus Strategy and Performance
Source: Author (Field Data, 2018)

Results from correlation between differentiation focus strategy and performance in table 4.19 indicate a negative correlation. A study by Stock, (2009) has shown that certain firms pick concentrate on their abilities which is unique from their rival as a differentiation focus strategy to improve their performance. Improvement on performance by adopting differentiation focus strategy encompasses targeting a specific market segment and capacity to offer niche different from competitor (Stock, 2009). Car hire business in Nairobi City County should borrow from Stock (2009) findings and adopt differentiation focus strategy and target specific market segment different from competitors.

4.6 Multiple Logistic Regressions of Differentiation Focus Strategy on Performance

Regression logistic analysis is a statistical method that is used to find out whether there is an existing relationship between variables in the study. Hypothesis testing involves relating the null hypothesis with research hypothesis. The null hypothesis is rejected when its likelihood falls below a prearranged significance level, in which case the hypothesis that is being tested is described to hold that level of significance.

The results on multiple logistic regression analysis was presented in table 7 where it was observed that there was a significant (P value 0.02) association between a greater extent of performance, indicators of performance and differentiation focus strategy. In addition, a moderate extent of performance was also found to show a statistical significant (P value 0.01) association with the indicators of performance and differentiation focus strategy. A strong power of association (P value 0.08) was noticed on moderate extent of performance, packages for events used as a differential focus strategy. Further to that, a similar strong power of association (P value 0.08) was also observed on a greater extent of performance among the car hire business that offered packages for corporate companies as a differential focus strategy.

Extent of performance		df	Sig.	Exp (B)	95% Confidence Interval for Exp(B)	
					Lower Bound	Upper Bound
Very large extent	performance improvement	1	0.46	0.66	0.17	2.67
	Package for corporate companies	1	0.56	1.27	0.17	9.36
	Package for events like wedding, graduations,	1	0.81	0.54	0.13	2.15
	One-time individual package	1	0.38	0.65	.034	12.58
	Periodic events within a calendar year	1	0.78	.	.	.
Great extent	performance improvement	1	0.02*	0.35	0.11	1.14
	Package for corporate companies	1	0.08*	0.41	0.05	3.16
	Package for events like wedding, graduations,	1	0.39	0.97	0.30	3.11
	One-time individual package	1	0.95	0.62	0.05	8.15
	Periodic events within a calendar year	1	0.71	.	.	.
Moderate extent	performance improvement	1	0.01*	0.41	0.13	1.27
	Package for corporate companies	1	0.12	0.15	0.02	1.29
	Package for events like wedding, graduations,	1	0.08*	1.04	0.35	3.12
	One-time individual package	1	0.94	0.49	0.04	5.53
	Periodic events within a calendar year	1	0.56	.	.	.

Table 7: Multiple Logistic Regression of Differentiation Focus Strategy on Performance
Source: Author (Field Data, 2018)

The results on multiple logistic regression analysis was presented in table 7 recorded a significant (P value 0.02) association between a greater extent of performance, indicators of performance and differentiation focus strategy. According to Davidow and Uttal, (2009), for differentiation focus strategy to be effective, consumer's preference needs to be well understood and the competitor firms need to show lack of interest in that precise market. In addition, according to Grants (2013), buyer's differentiation focus strategy should be incorporated as a crucial factor and the different market segment factored in.

4.7. Effect of Differentiation Focus Strategy on Performance

The study sought to explore the validity of the hypothesis that there was no significant effect of differentiation focus strategy on performance. The findings from the Chi-square (P value 0.81) and one-way ANOVA (P value 0.27 extent of performance; 0.91 indicator of performance) analysis indicated that there was no significant effect of differentiation focus strategy on performance. The null hypothesis was accepted and the alternative hypothesis rejected. However, there

was a significant correlation between the differentiation focus strategy and the indicators of performance at a P value of 0.046, further to that there was also a significant correlation between the differentiation focus strategy and the extent of performance at a P value of 0.010. Multiple logistic regression analysis showed there was a significant (P value 0.02) association between a greater extent of performance, indicators of performance and differentiation focus strategy. In addition, a moderate extent of performance was also found to show a statistical significant (P value 0.01) association with the indicators of performance and differentiation focus strategy. A strong power of association (P value 0.08) was noticed on moderate extent of performance, packages for events used as a differential focus strategy. Further to that, a similar strong power of association (P value 0.08) was also observed on a greater extent of performance among the car hire business that offered packages for corporate companies as a differential focus strategy.

The results of this study were inconsistent to the works of Kim., Nam., and Stimpert (2004) who observed that an organization should factor in all-inclusive strategy and deliver unique goods that will a particular market segment. Porter (1985) pointed out that differentiation focus strategy was used mostly by companies that were considered mature and those that had high cost of poor performance.

5. Conclusion

It was noted that differentiation focus strategy was considered statistically insignificant on performance as a result the null hypothesis was accepted and the alternative hypothesis rejected.

6. Recommendations

The future research should factor in the geographical regions in Nairobi County, not confine to the City. The study recommends that the research be carried out using moderating effect of the car hire business on influence of differentiation focus strategy on performance.

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