

# Strategic Planning and Competitiveness in Interprovincial Ground Transportation Companies Based in Lima, 2022

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## ABSTRACT

This research study aims to determine strategic planning and its relationship with competitiveness in interprovincial ground transportation companies based in Lima, 2021. A quantitative, non-experimental and correlational research methodology was used, describing in detail the direct actions of the companies in relation to their planning. The population was comprised of 485 transportation companies in Metropolitan Lima, and 87 of them served as the representative sample. From the results, it was observed that values, mission and vision do not contribute to the companies' competitiveness. Therefore, it is concluded that planning does not increase competitiveness. Interprovincial ground transportation companies should invest in the transportation system focusing their attention on its entire value chain.

**Keywords:** strategic planning; competitiveness; companies; interprovincial ground transportation sector; passengers.

## INTRODUCTION

This paper presents the results of the processes in which activities related to strategic planning are developed, proposing the use of new business concepts for the development of a new concept of competitiveness in the transportation sector. A questionnaire based on the multiple linear regression model was used, analyzing the interrelation between the different theories related to business strategies, competitiveness theories and the theory of transportation. Upon measuring business competitiveness in SMEs, it will be possible to identify the companies with better performance, which will serve as benchmarks for the rest of the companies in terms of the sustainable development of the interprovincial bus transportation sector in the country.

For the above mentioned reasons, this research is a source of information for different organizations related to ground transportation. First, it acts as a methodological tool to understand the context in which companies operate; second, it assists in performance evaluation; third, it serves as an analysis document for institutions to improve their business strategies and competitiveness; fourth, it explains that the factors that comprise the relationship between values, mission and vision do not influence the competitiveness of transportation companies and that short and medium term strategies are currently lacking due to the absence of development and cooperation activities; fifth, it points out that the different value parameters can be improved if the companies optimize their resources oriented to service quality; and sixth, it concludes that passenger ground transportation companies must provide better customer service to improve their competitiveness.

The study also attempted to determine the direct relationship between national competitiveness and strategic planning. As such, it is recommended that small interprovincial ground transportation companies make decisions based on the location of

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passengers and their transportation needs, i. e., short routes and long routes (market segmentation).

The general objective of this research study is to determine whether strategic planning contributes to the level of competitiveness in the transportation sector. The specific objectives are a) to determine whether there is a relationship between mission and vision and the level of competitiveness of ground transportation companies, b) to determine whether there is a relationship between policy and planning and the level of competitiveness of ground transportation companies, and c) to determine whether there is a relationship between values and planning and the level of competitiveness of ground transportation companies.

The general hypothesis is also stated:

$H_a$ : Strategic planning contributes to the level of competitiveness of ground transportation companies.

The specific hypotheses are the stated: a) there is a relationship between the mission and vision and the level of competitiveness of ground transportation companies, b) there is a relationship between policy and planning and the level of competitiveness of ground transportation companies, and c) there is a relationship between values and planning and the level of competitiveness of ground transportation companies.

### Strategies, Concepts and Definitions

Von Newman and Morgerstern's (1994) concept of strategy is based on the so-called game theory, where the level of competition is measured based on economics and decision. According to Wilsoft (2018), strategy can be defined from many perspectives, and, therefore, it does not have a universal definition. It is defined as the relationship between the internal or external environment of the company, a set of policies to achieve objectives, the dialectic of the company with the environment, or as a way to conquer the market (Wilsoft, 2018).

Also, an analysis is made of the process that an organization uses to set objectives. Such objectives allow building strategies, which can be defined as an art that allows creating values, both in resources and in communicative skills. There are two ways to design successful strategies: to do it well and to choose competitors whom you can defeat (Tinoco, 2015).

Espinosa (2015) notes that, for Ansoff, a strategy is an action to project into the future through suitable

resources, in simple terms, to ensure that the future of the company is as planned. All companies are known to be in competition, hence they must make strategic decisions to stay in business, including designing and implementing operational policies in the organization.

### Business Strategy and its Different Approaches

Business strategies consist of making far-reaching decisions concerning the company's scope of action. At present, developing, implementing and controlling business strategies is crucial for every business leader. The various approaches developed over time show the importance of strategy in the business environment (Guadarrama & Rosales, 2015).

### Strategic Management Theory

David (2008) defines strategic management "as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives" (p. 5). This suggests that business strategy results from the integration of management, marketing, finance, accounting, production, operations, research, information technology, among others.

All areas of the company must have a dynamic process, be committed and take appropriate actions and decisions for the company to achieve strategic competitiveness and profits above the market average. As a business theory, strategy is a set of assumptions of the business itself, which objectives are defined in terms of its results, present and future customers, products and services customers value most and for what they would be willing to pay.

According to Bonfim et al. (2018), an organization is created to achieve a goal to obtain desirable outcomes in an unpredictable environment, as the strategy allows the organization to set specific objectives. Top Management helps determine goals, strategies and designs. Rodríguez and Pérez (2016) consider that strategic planning is a competitive and prospective diagnosis defined as the process through which internal and external decisions are made. These authors also consider that strategic planning helps to optimize management control and performance and, therefore, the company's competitiveness.

### Content of Strategic Decisions

- Long-term direction of the company
- Strategic fit with the business environment

- Creation of opportunities by generating, exploiting and enhancing the company's resources
- Scope of area of activity

### **Nature of Business Strategy**

Santamaría (2018) states that a strategy is a process of creating resources and opportunities within the market; the goal of strategic planning is to achieve long-term profitability and growth

### **Importance of Business Strategy**

According to Espinosa (2015), strategic planning allows managers to evaluate strategic situations and analyze alternatives to determine the actions to be taken. It enables company leaders to direct the organization's potential in pursuit of a shared vision and to be confident that they can accomplish it.

### **Benefits of Business Strategy**

For this research study, a survey was applied to 50 companies in various countries, revealing the three main benefits of business strategy: 1) a clearer strategic vision in the company, 2) a specific focus as a strategy, and 3) an understanding of the changing market environment.

It was also found that effective strategic management can start with some simple questions for the company, such as "where is the company located now", "where will we be in one year or five years", and "what actions should we take to address risks".

### **Business Strategy: Planning**

Strategic planning is a key tool for the company, as it defines the course of action to be followed in the future. Amador (2002) states that strategic planning consists of all management activities related to preparing for the future, including specific tasks, forecasts, objectives, policies and goals. In other words, it is necessary to define long-term goals and objectives in a company, adopting courses of action and a distribution of resources. It is for this reason that planning is considered by many authors to be the cornerstone in the effective formulation of strategies.

### **Strategic Business Process**

### **Strategic Business Management**

Over the years, the world has witnessed a series of events that have brought about various changes: the First and Second World Wars, post-industrial societies, financial capitalism, among others;

consequently, a new business strategy paradigm had to be established. The organization and execution of activities began in the field of strategic management.

Strategic management includes the following:

#### ***Mission***

Previous studies argue that the mission is what a company seeks to accomplish within its social and cultural environment, what it intends to do and for whom it is going to do it, and is influenced by elements such as preferences, external factors, available resources and distinctive capabilities (Bonfim et al., 2018).

#### ***Vision***

Porter (2009) states that the vision serves to guide the strategic growth decisions a company should make.

#### ***Objectives***

David (2008) concludes that "*Objectives* can be defined as specific results that an organization seeks to achieve in pursuing its basic mission" (p. 13).

#### ***Policies***

Porter (2019) defines company policies as the means to achieve the set objectives, which include guidelines, rules, manuals, and procedures.

#### ***Corporate Values***

Santamaría (2018) defines corporate values as elements of the corporate culture that respond to competitive characteristics, environmental conditions and expectations of customers and shareholders.

#### ***Internal Strategic Diagnosis***

De Jesús (2016) stated in this regard that managers and employees need to work together to identify the strengths and weaknesses of the company to better understand its potential. Internal strategic diagnosis gathers all the necessary information about the company's management, operations, marketing, finance and accounting, production and operations, research and development, and management information systems that will be key for an optimal diagnosis of the company.

The benefits of internal strategic diagnosis are directly related to the improvement of employee performance as they understand the impact of their work on other areas and activities of the company.

Internal strategic diagnosis is vital to the health of the organization; today's successful companies use it to gain competitive advantages over their competitors.

### External Strategic Diagnosis

The purpose of external strategic diagnosis is to identify the opportunities and threats a company faces; it allows managers to develop strategies to leverage opportunities and avert or mitigate threats.

Turbulent and complex external scenarios can be encountered by all companies, making it difficult to analyze this already challenging but important task; therefore, the main purpose of the diagnosis is to identify threats and opportunities.

According to Arrieta et. al. (2021), the diagnosis process is a means to leverage resources and build strategic capacity, which is the input for strategic planning, that will support proper decision-making aimed at increasing the competitiveness of any organization.

## METHODOLOGY

### Research Type and Design

Based on Hernández et al. (2014), the research is non-experimental as it allows for the analysis of the variables considering their own characteristics at a given time, so that the relationship between the two variables can be inferred.

As it is a non-experimental research, the analysis will be carried out at a cross-sectional level, as it allows collecting the information at a given time, enabling the analysis of attitudes and perceptions regarding the proposed scenario.

The research design is non-experimental, as the variables will not be deliberately manipulated. It consists of analyzing data previously collected by other researchers and is based on the observation of phenomena, i.e., the subjects under analysis are not exposed to other conditions or stimuli.

### Unit of Analysis

The unit of analysis is comprised of all decision-makers within the company; therefore, it is proposed to elaborate the inclusion and exclusion criteria to determine the profile of the person to be surveyed.

### Study Population

The study population is the group on which the research is conducted in order to gather data. The

study population in this case consisted of all the interprovincial ground transportation companies located in Lima, each of which was represented by a staff member.

According to the Peruvian Ministry of Transportation and Communications, there is a total of 485 interprovincial ground transportation companies in Lima (Maguiña, 2014).

### Sample Size

In the opinion of Arias (2016), the sample *es un subconjunto representativo y finito que se extrae de la población accesible* [is a representative and finite subset drawn from the available population] (p. 83). The following finite population formula is often used to calculate the sample size:

$$n = \frac{N\sigma^2 Z^2}{(N - 1)e^2 + \sigma^2 Z^2}$$

Where  $n = 87$

The sample calculation with a 90% confidence level and a sampling error of 0.08 determined a sample of 87 companies in the interprovincial ground transportation sector located in Lima for this research. Random sampling was used to obtain the sample size.

### Data Collection Techniques

#### Techniques

Arias (2016) states that *las técnicas de recolección de datos son las distintas formas o maneras de obtener la información* [data collection techniques are the different forms or ways of obtaining information] (p. 111). The survey is one of them, and it contains predesigned questions and answers. That was the technique used in this research.

#### Instruments

Arias (2016) also states that *los instrumentos son medios materiales que se emplean para recoger y almacenar la información* [instruments are material means used to collect and store information] (p. 111). To that end, this study relied on a survey structured in three sections: a) mission and vision, b) policy, and c) values and planning. Although the aim is to include the phases of management, managers of the transportation company are regarded as the main source of information.

The content of the instrument was validated by experts duly accredited by SUNEDU, who corroborated the validity of the instrument following the analysis. The reliability of the instrument was determined using Cronbach's alpha coefficient to measure the level of heteroscedasticity that the items have at the time of designing the research parameters, yielding an  $\alpha$  of 0.865 (acceptable level). As the coefficient is sufficiently high, the research questions are deemed to be reliable.

**Data Analysis and Interpretation**

For data processing and analysis, a database and the statistical software SPSS were used for the entire scope of the research, since it is a powerful tool that supports the procedures and techniques required to perform quality and trustworthy analyses, which allows not only to organize and categorize the results, but also to determine the multiple linear regression model existing between both variables. Inferential statistics was also used, comprising the methods and procedures that determine the properties of a statistical population, based on a portion of it, by means of induction. This is followed by the development of a multiple regression model where competitiveness is the independent variable and corporate strategies are the dependent variables. The relationship between "mission and vision", "corporate policies" and "corporate values" and "competitiveness" are calculated in this model.

**RESULTS**

**Correlation Coefficient Between Competitiveness and Planning**

H<sub>p</sub>: The correlation coefficient between competitiveness and planning is similar to zero.

H<sub>a</sub>: The correlation coefficient between competitiveness and planning is different from zero.

$\alpha = 0.05$

Hypothesis H<sub>p</sub> ( $\alpha = 0.809 > 0.05$ ) is accepted with 95% confidence interval; therefore, it is concluded that there is no relationship between competitiveness and planning, due to the fact that most of the transportation companies do not have government support (Table 1).

**Mission and Vision Correlation Coefficient**

H<sub>p</sub>: The correlation coefficient between mission and vision and planning is similar to zero.

H<sub>a</sub>: The correlation coefficient between mission and vision and planning is different from zero.

$\alpha = 0.05$

Hypothesis H<sub>p</sub> is accepted with a 95% confidence interval; therefore, it is concluded that the mission and vision do not improve the company's competitiveness (Table 2).

**Table 1. Correlation Coefficient Between Competitiveness and Planning.**

			Correlations	
			Competitiveness	Planning
Spearman's rho	Competitiveness	Correlation Coefficient	1.000	0.026
		Sig. (2-tailed)	.	0.809
		N	87	87
	Planning	Correlation Coefficient	0.026	1.000
		Sig. (2-tailed)	0.809	.
		N	87	87

Source: Prepared by the author.

**Table 2. Mission and Vision Correlation Coefficient.**

		Correlations			
		Competitiveness1	Mission1	Policy1	Values1
Mission1	Correlation Coefficient	-0.068	1.000	-0.134	0.121
	Sig. (2-tailed)	0.532	.	0.216	0.266
	N	87	87	87	87

Source: Prepared by the author.

**Policy Correlation Coefficient**

H<sub>p</sub>: The correlation coefficient between policy and planning is similar to zero.

H<sub>a</sub>: The correlation coefficient between policy and planning is different from zero.

$\alpha = 0.05$

Hypothesis H<sub>p</sub> is rejected. There is data with a 95% confidence interval from which it is concluded that policy does not improve the company's competitiveness (Table 3).

**Values Correlation Coefficient**

H<sub>p</sub>: The correlation coefficient between values and planning is similar to zero.

H<sub>a</sub>: The correlation coefficient between values and planning is different from zero.

$\alpha = 0.05$

Hypothesis H<sub>p</sub> is rejected. There is data with a 95% confidence interval from which it is concluded that the values do not improve the company's competitiveness (Table 4).

**DISCUSSION**

The results obtained in this research demonstrated that strategic planning is not related to competitiveness (*p*-value > 0.00); nonetheless, De Jesús (2016) found evidence that leadership influences

the productivity of companies. Indeed, De Jesús shows that productivity is influenced by the behavior of human beings when faced with changes. Based on another study and a reflexive hermeneutic (qualitative) approach, De Jesús (2016) examined two dimensions: informal leadership and competitiveness. The first comprises a series of human factors associated with creating competitive advantages, and the second explores the types of formal and informal leadership. Building on these concepts, De Jesús (2016) concludes that, companies must create new strategies to cope with competitiveness in new markets. On the other hand, the power held by an informal leader depends on the levels of unity of the members and how they have internalized the norms, rules and values of the organization.

In their study, Rodríguez and Pérez (2016) concluded that competitiveness in companies has become part of the work dynamics, as it enables improving the operating and market conditions of organizations. They also made reference to the competitiveness of services, mentioned several models of competitive analysis and remarked on the current state of competitiveness in some countries, as is the case of Colombia, regarding the industry environment and its relationship with passenger transportation.

In turn, Urbano et al. (2016) found that the most valued criteria are operational competencies (37.7%), followed by financial competencies (22.8%), structural alignment (20.1%) and alignment in management (19.2%). They aim to achieve a better understanding of operational competencies at the time

**Table 3.** Policy Correlation Coefficient.

		Correlations			
		Competitiveness1	Mission1	Policy1	Values1
Policy1	Correlation Coefficient	-0.006	-0.134	1.000	0.059
	Sig. (2-tailed)	0.955	0.216	.	0.587
	N	87	87	87	87

Source: Prepared by the author.

**Table 4.** Values Correlation Coefficient.

		Correlations			
		Competitiveness1	Mission1	Policy1	Values1
Values1	Correlation Coefficient	-0.132	0.121	0.059	1.000
	Sig. (2-tailed)	0.225	0.266	0.587	.
	N	87	87	87	87

Source: Prepared by the author.

when companies are designed to develop them more effectively.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusions

There is no relationship between the variables “strategic planning” and “competitiveness”, thus suggesting a lack of implementation of strategies, which should be developed on the basis of work parameters related to operational improvement and planning design.

The factors that constitute the relationship between the values, mission and vision of the company do not contribute to competitiveness. The transportation company must redefine its short and medium term strategies, such as development and cooperation activities, according to the new market needs, such as fuel and personnel.

### Recommendations

The company should establish value parameters based on the opinion of users/clients regarding problems related to accidents and the service provided.

The company should hold training sessions based on the corporate values contained in a strategic plan, where activities such as the acquisition of new units, as well as how to reduce fuel consumption should be included as part of the company’s vision and mission.

A set of procedures for the establishment of contracts should be in place, in order to maintain maximum customer/user agreement in the event of any type of service-related problem.

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