Journal of Hospitality and Tourism Management

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ISSN: 2706-6592

Stratford Peer Reviewed Journals and Book Publishing
Journal of Hospitality and Tourism Management
Volume 6||Issue 4||Page 32-45|October||2023|
Email: info@stratfordjournals.org ISSN: 2706-6592

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How to cite this article: **Thukia, W. J., Munyiri, E. K. & Maingi., S. W. (2023). Prospects of Cost Leadership Strategy for Tourism Performance: Are Cost-Reduction Techniques a Solution?.** ***Journal of Hospitality & Tourism Management,*** **6(4), 32-45.** https://doi.org/10.53819/81018102t4194

Abstract

Tour operators are critical in Kenya's multi-billion-dollar tourism industry, a vital pillar of the country's economic development agenda. However, recent statistics indicate that tourism performance has declined due to various factors, including political and security unrest, bureaucratic government policies, stiff competition, and the COVID-19 pandemic. Additionally, the emergence of sharing economy platforms such as Airbnb has threatened the traditional business model of tour operators. At the same time, a 16% value-added tax on sales has also put pressure on their revenues. In addressing these challenges, this paper examined how tour operators in Nairobi City County can enhance their performance by implementing a cost leadership strategy in Kenya. A descriptive survey study was conducted with 15 company owners and 210 managerial staff. The respondents answered structured questionnaires and interviews, and the data were analyzed using descriptive and inferential statistics. Correlation analysis revealed a moderate positive relationship between cost leadership strategy and organizational performance ($r=0.449$, $P<0.05$), rejecting the null hypothesis, with the strategy explaining 20.2% of the variation in performance ($\beta=0.378$, $P<0.05$). The study recommends that tour operator companies adopt strategic alliances with the supply chain, implement operational efficiency frameworks, entirely automate their services, and follow cost-reduction mechanisms to enhance organizational performance. These findings guide tourism stakeholders, particularly company executive teams, on the organizational performance implications of strategic cost-reduction techniques in the context of Nairobi City County's tour operator industry.

https://doi.org/10.53819/81018102t4194

Keywords: *Cost Leadership Strategy, Organizational Performance, Nairobi City County, Tour Operators, Tourism, COVID-19*

1.0 Introduction

The tourism industry comprises several companies and enterprises, mainly categorized as small and medium-sized. It is one of the fastest-growing economic sectors globally, with its success closely linked to tourist arrivals and spending receipts. According to the World Travel & Tourism Council (WTTC) 2021 report, the contribution of tourism to the global Gross Domestic Product (GDP) declined by 49.1% from 10.4% ($9,170 billion) in 2019 to 5.5% ($4,671 billion) in 2020 (WTTC, 2021). This is mainly due to travel restrictions from the Corona Virus Disease of 2019 (COVID-19). In Africa, the tourism industry's performance declined by 49.2%, leading to an $83 bn loss in GDP and 7.2 million jobs lost in 2020. Further, sub-Saharan Africa contributed 46.5% towards the continent's GDP, outperforming North Africa (53.7%) (WTTC, 2021). The African tourism sector has not achieved optimal performance despite private and public entities showing interest and investing resources in the industry. The sector's prospects are limited to its endowment in natural tourism offerings compared to its European counterparts, who have embraced other forms of tourism, including medical tourism (Dieke, 2020).

Kenyan tourism is a crucial economic sector, contributing 10.4% of the country's GDP, 5.5% of formal employment, and 4.2% of new investments (Kenya Tourism Satellite Account, 2019). Its significance to the socio-economic well-being of the country's citizens is essential, as it creates multiplier effects in various sectors such as trade, agriculture, construction, manufacturing, and transport. The sector's performance in 2022 was impressive compared to 2021, with the number of international visitor arrivals reaching 1,483,752, representing a 70.45% increase from the previous year's 870,465 (Ministry of Tourism Wildlife & Heritage, 2023). The sector's recovery can be attributed to several factors, such as the relaxation of COVID-19 restrictions by many countries, initiatives implemented by the sector and the government, including the development of the *New Tourism Strategy for Kenya* (2021-2025) strategic destination marketing campaigns, entry of new domestic airlines, and resumption of cruise tourism.

Despite the above trajectories, tourism performance for the past three years has declined. This underperformance has not only affected the tourism companies and people who depend on it for their livelihoods but also increased competition among tourism businesses. As a result, adopting and implementing unique and viable business strategies is necessary to remain competitive and maintain performance cycles. For tour operators, using business strategies to gain a competitive advantage is critical to the overall realization of profitability. According to Porter (1980), companies aiming to outperform their competitors can apply a focus, differentiation, or cost leadership strategy. The latter, informing the basis of this study, is based on an organization's ability to leverage supply chain systems to lower production costs while maximizing economies of scale.

The costs involved in implementing this strategy include R&D, human resources, marketing, service delivery, and maintaining prices near the industry's average. This is achievable through control over the supply chain by bulk buying, tense negotiations, bidding contracts, low inventories, or vendor-controlled inventory, which offers customers services through price vis-a-vis customer receivables for a higher ROE. In the context of tour operators, cost advantage is viable by lowering overhead costs, such as R&D, marketing, and production costs, through optimal outsourcing and vertical integrations. This results in larger market shares and

profitability by offering a selling point indexed at the average market value or below the average prices. Therefore, this paper examined how cost leadership strategies employed by tour operators boost their performance in Nairobi City, Kenya.

2.0 Literature Review

2.1 Kenyan Tour Operators

Tour operators are crucial players in the tourism industry as intermediaries between tourists and suppliers, assembling essential holiday packages, such as accommodation, transport, and ancillary services, into a single unit sold to airlines, hotels, and travel agents (National Tour Association, 2022). In Kenya, the Kenya Association of Tour Operators [KATO], established in 1978, oversees tour operators, with over 400 professional tour operators falling under its purview (KATO, 2021). KATO categorizes tour operator enterprises into seven categories: A, B, C, D, E, Associates, and Affiliates, based on their annual turnovers, membership duration, and service provision. KATO members are responsible for ensuring ethical practices and high standards in their operations, promoting Kenya as a suitable destination, and implementing sustainability initiatives that result in superior client experiences. Despite their efforts to attract a record high of 2.03 million international visitors to Kenya in 2019, tour operators still handle less than 30% of all international visitors in Kenya.

2.2 Empirical Review

To ensure continued sustainable growth within an organization, it is essential to have a cost management scheme in place in today's changing business environment. Mkakile and Shillingi (2022) argue that an organization must prioritize strategic thinking when pursuing cost leadership strategies, staying alert and ready to address issues such as skills demand within an organization and suppliers' bargaining power. This allows tasks, innovations, and technology deployments, providing the organization with the necessary tools to attain a sustainable competitive advantage and higher bargaining power with suppliers (Kago et al., 2018).

Previous studies have explored the relationship between cost leadership strategies and organizational performance in various industries. For example, Kankam-Kwarteng et al. (2019) investigated the moderating effect of competitive forces on the relationship between innovative cost strategy and organizational performance in 118 Ghanaian restaurants. The research employed a hierarchical regression method to validate the study's hypotheses. The results showed that cost leadership strategies significantly impacted performance, with competitive intensity moderating the relationship. However, the study revealed a contextual gap and, therefore, the necessity to replicate the investigation in local research, specifically in the tourism industry, with firm characteristics as a moderating factor.

Ngugi and Waithaka (2020) conducted a study investigating the financial performance of 25 insurance companies within Nyeri County. The researchers collected data from 125 respondents and utilized regression analysis to examine the relationship between cost leadership strategies and efficiency. The analysis results indicated a statistically significant positive correlation (r=.791, P=.01) between cost leadership strategies and efficiency. Based on the findings, the researchers recommended that insurance companies implement elaborate and innovative supply chains and adopt proprietary technologies to enhance performance. However, the case study design of the research limited the generalizability of the results. To address this limitation, the present study expanded the scope by adopting a descriptive approach to examine the financial performance of tour operator companies. This approach enabled a broader understanding of the factors influencing financial performance in the tourism industry.

Another study by Mbaru and Kirui (2020) investigated the performance of tea processing factories when employing cost leadership strategies. The study, which collected data from 407 managerial and supporting staff across five tea factories in Murang'a County, recommended that tea factories sell their products at a lower price than their competitors while maintaining impeccable service quality. The study revealed that incorporating technological innovations and product differentiations from tea farmers could lead to significant benefits. While utilizing a descriptive research design, the present study focused on the agricultural sector, in contrast to the present study, which examines the service industry.

In conclusion, cost leadership strategy has been examined in various studies as a viable approach for enhancing organizational performance. However, most studies have focused on manufacturing, banking, and other service economies and overlooked the tourism sector. Furthermore, methodological gaps such as case studies, qualitative approaches, and one-method approaches to data collection and analysis have been identified, creating opportunities for further exploration in the present study. The tourism industry can benefit from this strategy by lowering overall costs through optimal outsourcing and vertical integration. However, organizations must prioritize strategic thinking when pursuing cost leadership strategies, be alert to address skills demand and supplier bargaining power, and understand avenues for attaining sustainable competitive advantage. Therefore, this study proposed a null hypothesis that *no significant relationship exists between cost leadership strategy and organizational performance among tour operator companies in Nairobi City County.*

3.0 Methodology

Research Design and Population

This study conducted a descriptive survey to evaluate the extent to which tour operator companies in Nairobi City County utilize cost leadership strategies to enhance their organizational performance. The research design employed provided a means to present qualitative descriptive data and use inferential statistics for hypothesis testing (Lesaibile et al., 2021). The selection of Nairobi City County as the study location was influenced by the fact that, despite being the capital of Kenya and contributing 60% of the country's GDP (Kenya National Bureau of Statistics, 2019), it has a robust network of highly rated tour companies. Further, the City is home to 76% of all registered tour operators and travel agencies in Kenya (Tourism Regulatory Authority, 2021).

This study targeted 238 tour operator companies in Nairobi City County, categorized as A, B, C, D, and E based on annual turnover (KATO, 2022). Three executive teams (administrative, marketing, and internal operations) were purposively selected from each firm, resulting in a target population of 714 managerial staff. Additionally, 25 firm owners (five from each category) were interviewed. Management teams were chosen for their expertise in daily operations. The study excluded tour operators in affiliates and associates categories due to their limited membership and contributions. After administering questionnaires and conducting interviews, responses from only 210 managerial staff and 15 owners were analyzed.

Study Variables

The study utilized cost leadership strategy as the predictor variable. To measure this variable, eight statements (CL1-CL8) were employed, and respondents were required to rate their level of agreement or disagreement using a five-point Likert scale, from strongly agree to disagree strongly. These sub-variables were derived from Porter's (1989) works and covered cost reduction, automation, strategic alliances, and operational efficiency. The dependent variable was organizational performance, assessed using the balanced scorecard model (Kaplan & Norton, 1992).

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Journal of Hospitality and Tourism Management
Volume 6||Issue 4||Page 32-45|October||2023|
Email: info@stratfordjournals.org ISSN: 2706-6592

Study Population and Sample Size

The study targeted three (3) managerial staff (administrative, internal operations, and marketing officers) from 238 tour operators. In addition, 25 owners of the companies were targeted, making the total target population to be 739 respondents. Daniel's (1999) formula (see Figure 1) was employed to determine the sample size since the population was already known. From the calculations, 250 participants, comprising 250 managerial staff and 23 firm owners, were chosen for the study. The selection process involved simple random sampling to identify potential respondents from the purposely selected companies. The chosen sampling techniques were less biased and provided greater generalization in the study, ensuring that all study items had an equal opportunity to be selected. The firm owners were selected based on their expertise, and their qualitative data was utilized to gain insight into the effectiveness of business strategies on organizational performance within tour operator companies in Nairobi City County. However, after administering questionnaires and interviews, only 210 questionnaires and 15 owners of the companies agreed to participate in the study, giving a response rate of 82%.

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

where n= sample size, Z= z statistics at 95% confidence level, N= Population size, P= Expected proportion (prevalence was 50%, P=0.5), e= Precision (Precision was 5%, therefore d=0.05).

Therefore, the sample size for managerial staff; $= \frac{\frac{1.96^2 * 0.5 * 0.5}{0.05^2}}{1+\frac{1.96^2 * 0.5 * 0.5}{0.05^2 * 714}}$

$$n = \frac{384.16}{1.538} = 249.7 \quad = 250$$

The sample size for owners of the firms; $= \frac{\frac{1.96^2 * 0.5 * 0.5}{0.05^2}}{1+\frac{1.96^2 * 0.5 * 0.5}{0.05^2 * 25}}$

$$n = \frac{384.16}{16.896} = 22.7 \quad = 23$$

Figure 1: Sample Size Determination

Pretesting, Validity, and Reliability

Before conducting the field study, 30 managerial staff members were randomly selected for pretesting, with five individuals selected from each stratum. The research instruments were assessed for validity through content and internal validity tests. Participatory research was employed for the questionnaire and interview guide to establish content validity. Regarding internal validity, the researcher employed triangulation and participatory research, with the involvement of supervisors, since their ideas were deemed constructive and valuable. Cronbach's Alpha coefficient (α) was used to determine internal consistency reliability for the questionnaire constructs. The reliability of the eight statements on cost leadership strategy was found to be α=.715, while performance with 12 items had α=.788.

https://doi.org/10.53819/81018102t4194

Data Collection and Analysis

The study used a mixed-methods approach, employing physical and online questionnaires to collect participant data. Follow-up communication was conducted through calls and emails to individuals who did not complete the questionnaires within the allotted two-week period. Additionally, qualitative data was obtained from tour firm owners through scheduled interviews conducted through Zoom calls, regular phone calls, and face-to-face meetings. Before analyzing the data, certain assumptions were assessed, including normality, linearity, and multicollinearity, to ensure the data was appropriate for statistical analysis. The Kolmogorov-Smirnov Test was utilized to evaluate the normality of the dataset. The test results indicated that the data deviations were significant, as the significance level for all variables was greater than 0.5 (cost leadership strategy = 0.054 and organizational performance = 0.200).

Further, a diagnostic analysis was conducted to test for multicollinearity, a necessary condition for multiple regression. The analysis revealed that the Variance Inflation Factors (VIF) for the cost leadership strategies values were more prominent than 1, indicating the absence of multicollinearity (Tolerance = .7788, VIF = 1.285). Consequently, to assess the linearity of the variables, means were compared using the SPSS command, generating models that examined the relationship between independent and dependent variables. The ANOVA analysis showed that the significance value for deviation from linearity was .627>0.05 for the cost leadership strategies and organizational performance, indicating a linear relationship between the two variables. These findings suggest that the correlational nature of the study variables was established, meeting the conditions for multiple regression. The regression model was formulated as follows:

$$Y = \beta 0 + \beta_1 \chi_1 + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots (Eq.1)$$

Where; Y= Organizational Performance, $\beta 0$ = Constant term, $\beta 1$= Coefficients, χ_1= Cost leadership Strategy; and ε= Residual error

Finally, qualitative data was obtained through interviews with tour company owners, transcribed, and analyzed for patterns and relationships using content analysis. Themes were categorized and grouped using Excel to evaluate the observed phenomenon and integrated with the quantitative findings.

4.0 Findings and Discussions

Table 1 shows descriptive statistics from management teams regarding cost leadership strategies. From the findings, 91 participants (43.3%) did not agree with the statement that their companies charge lower prices than competitors, with 75(35.7%) agreeing and 44(21%) neutral ($\bar{\chi}$=3.16, σ=1.41). On whether tour companies promote employee commitment for optimal capacity utilization, 119 of the respondents (56.7%) agreed with the statement, while 55(22.87%) disagreed, and 43(20.5%) were neutral ($\bar{\chi}$=2.47, σ=1.28). Similarly, 111 of the respondents (52.9%) agreed with the statement that their companies discontinue some services to lower operational costs, while only 53(25.2%) disagreed and only 46(21.9%) were neutral ($\bar{\chi}$=2.50, σ=1.19). On the other hand, 181 of the respondents (86.2%) were in agreement that their companies had put in place operational efficiency and cost control measures, with only 8(3.8%) disagreeing and 21(10%) remaining neutral on the issue. The same was supported by a mean of 1.67 and a standard deviation of 0.86. On whether their companies had fully automated their services to reduce labor costs, 116 of the respondents (55.2%) disagreed, 58(27.6%) were neutral, and only 46(17%) agreed ($\bar{\chi}$=3.56, SD=1.15).

Stratford Peer Reviewed Journals and Book Publishing
Journal of Hospitality and Tourism Management
Volume 6||Issue 4||Page 32-45|October||2023|
Email: info@stratfordjournals.org ISSN: 2706-6592

Table 1: Descriptive Statistics for Cost Leadership Strategies

Sub-Variables	SA	A	N	D	SD	$\bar{\chi}$	σ
CL1	16.2%	19.5%	21%	19%	24.3%	3.16	1.41
CL2	28.6%	28.1%	20.5%	13.8%	9%	2.47	1.28
CL3	26.2%	26.7%	21.9%	21.9%	3.3%	2.50	1.19
CL4	51.4%	34.8	10%	2.4%	1.4%	1.67	.86
CL5	6.2%	11%	27.6%	31.4%	23.8%	3.56	1.15
CL6	43.8%	33.8%	11.9%	7.1%	3.3%	1.92	1.07
CL7	46.2%	32.4%	12.4%	8.1%	1%	1.85	.99
CL8	22.4%	20%	31.9%	19.5%	6.2%	2.67	1.20
Average						**2.47**	**.67**

Note: SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree, $\bar{\chi}$=mean score, and σ=standard deviation. Source: Survey Data (2022)

Further, 163 of the participants (77.6%) agreed that their companies pursue strategic partnerships with service providers, with just 22(10.4%) disagreeing and 25(11.9%) remaining neutral ($\bar{\chi}$=1.92, σ=1.07). Concerning their companies using economies of scale [mass bulk buying and selling], 165 of the respondents (78.6%) agreed with the statement, 18(9.1%) disagreed, and 26(12.4%) were neutral ($\bar{\chi}$=1.85, σ=.99). Lastly, 89 of the participants (42.4%) agreed that through cost reduction techniques, their companies had increased their market share to keep ahead of the competition, with 54(25.7%) disagreed with the statement, and 67(31.9%) were neutral ($\bar{\chi}$=2.67, σ=1.2). These findings support Mungai and Obere's (2018) studies, which found greater importance in employing cost reduction frameworks through economies of scale and engaging in supply chain partnerships that help operationalize efficiency.

Overall, cost leadership strategies had a mean score of 2.47 and a standard deviation of .67, indicating that most participants agreed with the cost leadership strategies' statements as being important in improving the performance of tour operators. This agrees with a study by Subrahmanyam and Azad (2019), who found cost leadership strategies to be a means for struggling, established, and prospectus companies to survive the volatile service industry. This is pertinent to the RBT, which requires organizations to emphasize large-scale operations that lower costs per unit to safe levels without suffering from diseconomies of scale (Nyachwaya & Rugami, 2020). Additionally, by adopting strategic alliances, tour operators will gain quick access to markets and broaden their service and product lines. Consequently, through content analysis of their statements, qualitative findings from owners of the companies were thematically analyzed and recorded, as shown in Table 2. The findings essentially were in agreement with quantitative results.

In addition, the firm owners brought about issues of technologized marketing and continuous market research, which they felt complemented the other cost leadership strategies techniques. One owner of tour company A noted, "*With the modernization of communications, social media, especially Facebook and Instagram, have revolutionized how we market our services and products cheaply. This strategy is fast, efficient, and reaches a wider market than*

traditional marketing strategies." To a more considerable extent, these sentiments agree with Chen et al. (2021) that commercializing information through social media has impacted people's 'subjective well-being,' making them share tourism experiences regularly. Further, another owner of tour company C posited that "*…the advantage tour operators have their huge network with suppliers, thus able to bargain and purchase products and services in bulk at a discounted rate...*" This finding supports the argument by Picazo and Moreno-Gil (2018) that tour operators' bulk-buying traits help them price and target various markets based on their products and services offerings, accommodations, brands, and promotional space.

Table 2: Qualitative Themes from the Interviews

Themes	Count (N=15)
Charge lower prices and discontinue some services	5
Fully automation and strategic partnerships	3
Economies of scale and cost efficiency measures	3
Cost reduction [market share and competitiveness]	2
Market R&D and Technologized marketing	2

From the interviews, owners of the companies also were quick to admit the role played by R&D and technologized marketing for tour operators. They argue that "*... the volatility of the tourism industry in Kenya requires a robust online marketing to reach a wider audience"* owner of company N; "*…without prioritizing research and innovations in this line of work would be a plan to fail*" owner of company J. This agrees with Echwa and Murigi (2019) that organizations should adopt a 'doing things differently' approach, including strategic management teams, for optimal performance. Therefore, tour operators can outperform their competitors in the market if they use unique aspects of economies of scale.

4.1 Correlation Analysis

A Pearson moment correlation was generated to determine the strength of cost leadership strategies statements and performance (see Table 3). The results indicated that there was a positive statistically significant relationship between using a cost reduction strategy to increase market share and keeping ahead of the competition (*r=.304, N=210, p=.000*), discontinuing some services to lower operation costs *(r=.194, N=210, p=.005),* use of economies of scale (*r=.241, N=210, p=.000*), pursuing strategic partnerships (*r=.305, N=210, p=.000*), having operational efficiency and cost control measures (*r=.178, N=210, p=.001*), charging lower prices than competitors (*r=.264, N=210, p=.000*), promoting employees' commitment for optimal capacity utilization (*r=.228, N=210, p=.001*), and full automation of services (*r=.381, N=210, p=.000*) and organizational performance of tour operator companies in Nairobi City County.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Hospitality and Tourism Management
Volume 6||Issue 4||Page 32-45|October||2023|
Email: info@stratfordjournals.org ISSN: 2706-6592

Table 3: Pearson Correlation of Cost Leadership Strategies and Performance

Sub-variables	Organizational performance	
CLI	Pearson Correlation	.304**
	Sig. (2-tailed)	.000
CL2	Pearson Correlation	.194**
	Sig. (2-tailed)	.005
CL3	Pearson Correlation	.241**
	Sig. (2-tailed)	.000
CL4	Pearson Correlation	.305**
	Sig. (2-tailed)	.000
CL5	Pearson Correlation	.178**
	Sig. (2-tailed)	.010
CL6	Pearson Correlation	.264**
	Sig. (2-tailed)	.000
CL7	Pearson Correlation	.228**
	Sig. (2-tailed)	.0.001
CL8	Pearson Correlation	.381**
	Sig. (2-tailed)	.000

*Note: N=210; **. Correlation is significant at the 0.01 level (2-tailed).*

These findings indicate that most tour operators relate and use economies of scale, automate their services, and have put operational efficiency and cost control measures in place, ensuring they remain relevant and acquiring large market shares to outcompete their competitors. Overall, cost leadership strategy was found to moderately and significantly influence the organizational performance of tour operator companies (*r=.449, N=210, p=.000),* as indicated in Table 1.4. The correlation (r) was positive and fell within the required range of -1(perfect negative) and +1 (perfect positive).

In support of the qualitative results (Table 4), companies that have pursued technologized marketing, are embracing economies of scale, and charge lower prices than their competitors benefit more from the cost leadership strategies. This implies that tour operator companies in Nairobi City County are adopting technology and negotiating extensively with the service and product suppliers to provide their offerings at a lower price than market margins. The findings concur with Kimiti's (2021) study, which identified that economies of scale, scope, efficiency, and low costs positively impacted performance. This conclusion agrees with Ngugi and Waithaka (2020) that cost leadership strategies, through innovative technologies, alliances, and economies of scale, improve an organization's efficiency by reducing operational costs.

https://doi.org/10.53819/81018102t4194

Table 4: Overall Correlation

		Organizational Performance	Cost leadership strategy
Organizational performance	Pearson Correlation	1	.449**
	Sig. (2-tailed)		.000
	N	210	210
Cost leadership strategy	Pearson Correlation	.449**	1
	Sig. (2-tailed)	.000	
	N	210	210

**. Correlation is significant at the 0.01 level (2-tailed).

4.2 Regression Analysis

A simple linear regression model was used to determine the predictability of organizational performance based on cost leadership strategies. From Table 5, *R* indicates the simple correlation of .449, representing a moderate degree of correlation between components of cost leadership strategies and organizational performance. The R^2 value of .202 indicates that components of cost leadership strategies explain 20.2% of the performance's variability. The model caused the adjusted R^2 to change from zero to 0.202, which gave rise to an F-ratio of 52.497, which was significant at a probability of 0.05.

Table 5: Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.449[a]	.202	.198	.50321	.202	52.497	1	208	.000

a. Predictors: (Constant), Cost leadership strategy
b. Dependent Variable: Zscore (Organizational performance)

Analysis of Variance (ANOVA)

ANOVA was used to determine the statistical significance of the regression model; 'and how well the regression fits the data. ANOVA results in Table 6 show that the model was statistically significant (*F=52.497*, *p=.000*) and predicted the outcomes of the dependent variable at a significant level of 0.05.

Table 6: ANOVA Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.293	1	13.293	52.497	.000[b]
	Residual	52.669	208	.253		
	Total	65.962	209			

a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), Cost leadership strategy

https://doi.org/10.53819/81018102t4194

Regression Coefficients

Further, the regression model's independent variable β coefficients were generated to test the hypothesis. The t-test values were used to ascertain if cost leadership strategy significantly contributed to the model (see Table 7). The findings showed that estimates of the β-values, which were positive, indicated a positive relationship between cost leadership strategy and organizational performance (*β=0.378, t=7.245, p=0.000*). Based on the illustration (Eq.1; $Y = \beta_o + \beta_1\chi_1 + \varepsilon$) the regression model was summarized as:

Organizational performance = 1.341 + .378 (cost leadership strategies) + ε

Table 7: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	1.341	.133		10.049	.000	1.078	1.604
	Cost leadership	.378	.052	.449	7.245	.000	.275	.480

a. Dependent Variable: Performance

These findings mean that a unit change in cost leadership strategy would positively change the organizational performance of a tour operator company by .378 units. The results agree with Kankam-Kwarteng et al. (2019), who emphasized the importance of optimizing low-cost strategy in boosting performance. Similarly, the accrued benefits that tour operators would gain from adopting cost-saving strategies and technologies (Choi & Yoo, 2021) are that they can manipulate the prices of their services and products. Thus, tour operators should utilize cost leadership techniques to boost their performance and have a competitive advantage. Therefore, based on the findings, the null hypothesis was rejected, and the alternative accepted, thus concluding that *cost leadership strategy influences the tourism organizational performance of tour operator companies in Nairobi City County.*

5.0 Conclusion

This study sought to ascertain if cost leadership strategy would appropriately predict organizational performance among Nairobi City County, Kenya, tour operator companies. From the data analyzed among 210 managerial staff and 15 owners, cost leadership strategy was found to have a positive and significant but moderate correlation with organizational performance, supported by a mere 20.2% predictability value. Such efficacy, supported by quantitative and qualitative results, was based on four key proponents: adopting a cost-reduction framework, automating services, forming strategic alliances with the supply chain, and advocating for operational efficiency.

The study concludes that a cost leadership strategy improves tourism performance by a certain margin among Nairobi City County, Kenya tour operators. The approach cannot be disregarded despite the limited value of implementing a cost leadership strategy within an organization. It can, therefore, be argued that the effectiveness of this strategy is contingent upon specific organizational characteristics, such as the size and duration of its operations. Specifically, the cost leadership approach is most suitable for established firms with manageable capital values and a substantial number of employees. Under these conditions, the firm may readily adopt this strategy, as it would offset the costs of overhauling its operations and position the firm at a

competitive advantage with minimal struggle. As such, managerial staff should devise complementary business strategies to optimize performance.

6.0 Recommendations

The present study has demonstrated the influence of a cost leadership strategy on organizational performance. However, the findings suggest that a cross-dimensional approach is required to design industry-specific business strategies aligned with the Kenyan National Tourism Blueprint 2030. Achieving this objective will necessitate integrating national and county tourism policies and involving all tourism stakeholders to create a synergistic effect that will enhance tourism performance at both the enterprise and destination levels. Moreover, tour operators ought to have key performance indicators in place throughout their adoption and implementation of cost leadership strategy, focusing on a holistic approach to performance, encompassing both financial and non-financial aspects. This approach will facilitate the identification of trends and gaps over time, enabling prospectors and tour operators to gain insight into what strategies are effective and which are not. Ultimately, this will serve as a roadmap for understanding performance patterns based on the employed strategies.

Regarding future studies, potential avenues for research include investigating the impact of business strategies on the performance of tour operator companies and travel agents in additional geographical locations, particularly those in the Coast region, which heavily relies on tourism as a significant economic driver. Furthermore, the present study did not account for the moderating effects of this relationship. Therefore, it is imperative to examine how governmental policies, which shape tour operator companies' ownership structure and operational practices, might moderate the association between business strategies and organizational performance.

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