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Influence of Corporate Cost Leadership Strategies on Organizational Performance among Mobile Service Providers: A Comparative Analysis of Safaricom Plc and Airtel (K) Ltd in Kenya

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Research Article

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ABSTRACT

Comparatively assessing the impact of corporate cost leadership techniques on Airtel and Safaricom's organizational performance was the aim of the research. The study employed a correlational research design, a quantitative technique, and the positivist paradigm. 235 management employees of Safaricom and Airtel were the target demographic, and a census method was used. Questionnaires and secondary data collection sheets covering the years 2013–2022 were used to gather the data. The data was analyzed using multiple regression analysis and descriptive statistics. The statistics were presented using tables and figures. The correlation research revealed a good association between the performance of Kenyan mobile service providers and corporate cost leadership initiatives ($r=0.283$, $p<0.05$). According to the study's findings, cost leadership tactics help mobile service providers operate better by reducing operational expenditures, optimizing costs, and providing competitive rates depending on client volume. According to the report, mobile service providers should keep improving operational effectiveness. Frequent process reviews may reveal inefficiencies that, when eliminated, result in large cost savings.

Key Words:. *Corporate cost Leadership, Strategies, Mobile Service Providers*

1.0 Introduction

Thanks to the ongoing advancement of modern technology, which includes the internet and other state-of-the-art electronic devices, the world is increasingly becoming a global village (Liton & Saleh, 2017). Fostering the concept of the "global village" requires mobile and internet communication (Edquist et al., 2018). In order to reach everyone on the earth in a manner that is profitable and advantageous, mobile service providers are using creative tactics (Burhanuddin et al., 2018). However, in both developed and developing nations, mobile service providers encounter a number of performance issues. Depending on variables like market saturation, legal frameworks, and technology developments, these difficulties may differ. Network congestion is one of the biggest issues confronting mobile service providers. Network congestion may lead to sluggish speeds and lost connections as more people use mobile devices to stream content and

access the internet. This is especially true in places with high population densities, where the volume of users may exceed the network's capacity. Mobile service providers have made significant investments in network upgrades to accommodate increased data volumes and quicker speeds in response to this problem. For instance, in order to accommodate 5G technology and satisfy the rising demand for mobile data, AT&T announced plans to spend $23 billion on its network in 2019 (AT&T, 2019). Additionally, mobile service providers must stay up to date with rapidly changing technology. In order to keep ahead of the curve, providers need to make research and development investments since mobile devices and network infrastructure are always changing. For example, the rollout of 5G technology is a major challenge for mobile service providers, requiring significant investment in infrastructure and network upgrades. Furthermore, mobile service providers face major problems due to the growing use of IoT devices and the need for seamless connection across various device types (GSMA, 2019). The growing market consolidation in the mobile service provider sector, where a few carriers control the majority of the market in many nations, is another concerning development that may result in lower competition and higher pricing. According to the FCC (2019), the four biggest mobile service providers in the United States—AT&T, Verizon, T-Mobile, and Sprint—control more than 95% of the market. Additional obstacles pertaining to infrastructural and regulatory frameworks confront mobile service providers in developing nations. For instance, the lack of adequate network infrastructure in many developing nations might make it challenging for service providers to provide dependable service. Furthermore, several developing nations have complicated and difficult regulatory frameworks, with high taxes and levies as well as strict rules governing network expansion and spectrum distribution (World Bank, 2020). Mobile service providers must implement appropriate competitive strategies in order to overcome these obstacles. To accommodate larger data volumes and quicker speeds, this entails making investments in network infrastructure and modernizing technologies. To set themselves apart from rivals, providers must also concentrate on creating cutting-edge services and pricing structures. Governments may also help to foster competition by implementing laws that lower barriers to entry for new suppliers and promote investment and innovation (OECD, 2019).

Pressure from rising service prices and worries about service quality causing mobile service providers to look for competitive methods that will boost their overall performance (Joe, 2016). In order to assure high access rates, these mobile service providers are carefully implementing competitive strategies (Ghebregiorgis & Mihreteab, 2018). Strategic management entails conceiving, implementing, and evaluating decisions from all sectors of an organization that help the firm achieve it’s goals (Owich, Katuse, & Ngari, 2018). In unstable conditions, an organization's capacity to swiftly and successfully execute new strategies might make the difference between success and failure. Strategy implementation has a considerable impact on organizational performance, according to previous practical experiences and scientific works (Hrebiniak & Joyce, 2017; Li, Gouhui & Eppler, 2014). However, the literature of previous scholarly research shows that strategy implementation in most businesses fails at a high rate around the world. Strategy implementation, according to Pearce (2019), is simply putting the recommended strategy into action to achieve organizational goals and objectives. Organizations typically devote most of their time and resources to developing strategic plans without considering the means and circumstances. An imperfect plan that is well implemented will be more effective than one that is implemented incorrectly.

Each of these strategies, according to Porter (2010), calls on a company to pinpoint growing markets, strive for operational effectiveness, and constantly raise the calibre of it’s goods and

services. The long-term course of the company and it's existence is determined by the continual assessment of these performance indicators and their management. To attain and sustain competitiveness in the Kenyan telecommunications sector, continual assessment of the key performance indicators is just as crucial as the process of developing and implementing strategies.

Because these are the often-employed Porter strategies as the main competitive strategies. The corporate cost leadership approach describes efforts made by businesses to gain a competitive edge by lowering costs across the board (Achieng & Ngala, 2019). Demand for a higher price than your rivals to cover the enormous expenses of being unique or unusual. The company must also weigh the advantages and expenses of it's offerings. The company focuses on supplying highquality goods and services while lowering consumer costs to gain a competitive edge, increasing market demand through offers and promotions, and improving delivery and accessibility (Panwar *et al*., 2016).

According to Karabulut (2015), corporate cost leadership influences company performance through generating economies of scale, developing creative cost-saving hotel designs, successfully lowering operational costs, and upholding strict cost control throughout all corporate activities. Other cost-cutting tactics include undercutting competitors' prices, maintaining a constant emphasis on the lowest cost per unit, making significant investments in technology-based systems, gaining economies of scale through mergers or consolidation, outsourcing tasks, and creating joint ventures. These are the main priorities for businesses pursuing a corporate cost leadership strategy (Porter, 1980). Using a differentiation strategy, a business seeks to create and promote distinctive services and goods for various consumer categories (Msinga, *et al*., 2018). Companies employ differentiation strategy to forge a distinctive character in a particular market. It may also be described as the act of placing a good or service in a way that makes it possible to set it apart from the competitors and create an image that stands out. Once more, differentiation concentrates on creating a unique product or the idea of a unique service for which buyers are willing to pay a premium (Makadina, 2019). A company should try to create and increase resources that support customer service, quality, and/or innovation if it wants to stand out. By increasing shareholder value, diversification boosts a company's success. Focus practices imply offering top-notch service to a relatively limited segment of the population.

According to Muraguri (2018), a differentiation strategy may be built on developing distinctive product images while simultaneously building consumer loyalty by developing goods that are inventive, dependable, durable, and serviceable. According to Porter (2010), customers' opinions will always decide whether or not there is product differentiation, but companies may use various tactics to shift their perceptions. This implies that products and services may be differentiated in a variety of ways, including via the use of after-sales services such as quality consideration, incentive programs, extended working hours, and so on (Block *et al*., 2015). By increasing shareholder value, diversification enhances a company's performance. Focus practices involve offering superior service to a relatively small number of customers or segments of the population (Alexy *et al*., 2018). This might serve as a catch-all category for businesses that do not enjoy any sort of cost advantage and do not command premium prices for their products.

A concentration of organizational efforts on a certain market segment might go along with either of these two strategies (Mohamed and Gichinga, 2018). Theoretically, some issues with pure strategies are what drive the arguments for the adoption of hybrid methods (Gure & Karugu, 2018). Therefore, hybrid tactics could better meet client demands. In focus strategies, one

market sector will be the focus of the company. In this instance, a certain consumer segment, product, geographic area, or service would be the focus of attention (Porter, 1987). These should be distinct groups with distinct needs. Depending on the demands of the targeted market segment and the firm's resources and expertise, low price or distinctive products/services should be supplied. According to Karuga, Gichunge, and Kirimi (2021), the focus practices should target a limited pool of potential customers in a small market while striving to service a specialized market at the lowest feasible cost (Karuga *et al*., 2021; Chelanga *et al*, 2017).

In Kenya, other network mobile service providers in Kenya attempted to overtake Safaricom by formulating a variety of strategies, such as offering free calls, free internet bundles, and free messages across the networks with no avail. However, there has been a pronounced rise in mobile phone networks in poor nations since 2013, particularly in Kenya, where the majority of people own smartphones. Due to this, mobile service provider companies were grouped into tiers (Chesula & Kilika, 2020). In Kenya, Tier 1 operators are companies like Airtel, Telkom and Safaricom PLC that operate their own networks, host their own phone numbers, and offer internet and voice services (Lodge, 2016). Operators classified as Tier 2, Tier 3, and Tier 4 run their own numbering systems and may even have partial network ownership. However, in order to adequately disseminate their services, they often require the assistance of a higher tier network provider.

Tier 0 operators distinguish themselves by building their own systems to manage customers and adopting technical innovation to avoid getting network access from other service providers to support their own. They do, however, rely largely on Tier 1 to Tier 4 operators to provide services. Tier 1 players have grown significantly. Safaricom's mobile subscriber base increased slightly to 29.5 million in the first quarter of the 2016-2017 fiscal year, but the company lost market share, ending the quarter with 69.1 percent of the market, compared to 71.9 percent for Airtel, which saw an increase in it’s mobile subscriber base and ended the quarter with 7.3 million subscribers and a 17.2 percent market share, up from 14.9 percent the previous quarter (Mohamed & Atheru, 2017). Telkom Kenya, like Airtel, witnessed an increase in it’s client base. This expansion was fueled by the rebranding strategy, which intensified marketing activities. As at December 2022, Safaricom remained the dominant player with 43 million subscribers, Airtel Kenya 18 million and Telkom 3 million. Safaricom commands 64 percent market share on mobile data, 70.4 percent on voice traffic and 37 percent on fixed data market (CA, 2023)

Maintaining the performance from these mobile service providers in the current, fiercely competitive business climate is getting increasingly difficult (Hajar *et al*., 2022). It is becoming more crucial for these providers to guarantee they deliver expected performance as they work to fulfill the shifting demands and rising expectations of consumers for the success and survival of their operations (Ullah *et al*., 2019). Additionally, theories like the Resource Based View theory have demonstrated that the use of unique strategic competitive tactics leads to performance (Chepng'etich & Kimencu, 2004). According to Porter's general framework, businesses who employ any of these competitive tactics are predicted to get a competitive edge that will help them beat rivals in their sector. However, a corporation must make a clear decision on which strategy to use in order to surpass it’s rivals (Porter, 1996).

The mobile phone industry is a new industry that is rapidly expanding. Technological innovation, liberalization of the telecommunications sector, and rising consumer demand for communication have all contributed to the growth of Kenya's mobile phone industry. Markets that were once distinct, discrete, and vertical have merged over their previous borders, resulting in huge capital investment, much of it from private sector actors (CA 2019). As a result, new markets, players,

and difficulties have emerged leading to more rivalry, which necessitates higher levels of consumer satisfaction. The mobile industry in Kenya has risen significantly in recent years, beating other sectors of the Kenyan economy with an annual growth rate of around 20% (World Bank Economic Update, 2019). However, the industry is very competitive in terms of mobile businesses' competitive strategy (Al Shula, 2021). This is evident by frequent media advertisements touting competitive methods such as lower costs and a wider range of product offerings, all in an attempt to entice more members. Despite the fact that the two largest service providers, Airtel Kenya and Safaricom, offer identical products and services, their pricing, offers, and advertising techniques are vastly different.

Safaricom and Airtel Kenya are contrasted in terms of ownership, sector, services supplied, and tactics adopted. Both companies are equivalent in that they advertise, provide comparable services, and operate in the same sector. Both companies provide a variety of corporate services, including data and voice. In response to rising competition, both firms have extended their activities to include selling mobile phone devices in shops and working with other businesses to provide other services such as insurance. With the absence of brand names, both organizations have made major infrastructure investments in mobile money, and the businesses are operated identically. Because they operate in the same business, the firms are both supervised by the Communication Authority of Kenya (2023) and are subject to the same legislation.

However, the companies are quite different in a variety of respects. Safaricom is a publicly listed corporation, and information about it’s ownership is accessible on the Nairobi Securities Exchange. As a consequence, in addition to the Communication Authority (2923), the Nairobi Securities Exchange and Capital Markets Authority regulates the business. Bharti Airtel, on the other hand, owns the private business Airtel Kenya (an Indian firm). As a consequence, Airtel is projected to be more flexible than Safaricom since it is subject to less regulation. The market shares of the firms vary as well, with Safaricom leading the mobile telecommunications industry. Despite the fact that the two businesses entered the market three years apart, the approach they picked may be blamed for the speed with which they grabbed market share. Safaricom developed products and services for the general market, whilst Airtel (formerly Kencel) catered to the upper crust. Airtel's ownership shifted throughout time, but it’s effect on both businesses' market shares remained.

Yet, Safaricom continues to dominate the business with a market share of approximately 67.1 percent (CA, 2018). Other industry competitors, such as Airtel and Telkom, have been battling to improve their market share, with 10.8 percent and 20.2 percent market shares, respectively, at the end of 2018. As of the fourth quarter of 2020, Safaricom PLC has a 63.6 percent share of the Kenyan mobile communication market. As of the same year, Airtel Kenya Limited has 27.2 percent of all mobile subscribers, making it the country's second largest carrier. Telkom is the third service provider with approximately 10 percent market share (CA, 2021). Further, Safaricom is the dominant mobile financial services provider with Mpesa having 30.1 million subscribers, Airtel money 310,359 subscribers, and Telkom 13,999 subscribers. On the other hand, in terms of transceivers 4G, Safaricom has 20,300 4G transceivers, Airtel 3,145 4G transceivers and Telkom 1,746 4G transceivers (CA, 2021).

As at December 2022, Safaricom remained the dominant player with 43 million subscribers, Airtel Kenya 18 million and Telkom 3 million. Safaricom commands 64 percent market share on mobile data, 70.4 percent on voice traffic and 37 percent on fixed data market (CA, 2023). As December 2022, Mpesa subscriptions were 96.8 percent compared to Airtel and Telkom at 3.1 percent and 0.1 percent respectively (CA, 2023).

Safaricom has consistently developed and implemented ways to keep the company ahead of the curve in terms of competition. Airtel has responded by implementing techniques such as outsourcing to get a competitive advantage in the industry. One reason Safaricom maintains it's competitive edge is it's outstanding technology, solid management, scale economies and longterm client relationships (Kinuthia, 2014). In the year 2020, Airtel's net loss from it's voice and data operations increased by 55%, translating to Sh4.45 billion, with a Ksh 46.93 billion insolvency gap between assets and liabilities, while other firms, like airtel, have continued to announce losses year after year (Alushula, 2021). In 2022, Safaricom profit was KES 67.5 billion representing a year-to-year growth of 5.4 percent (Safaricom, 2022). There are questions about how mobile telecommunications firms operate and function and make profits for example in 2013 Safaricom had a net profit of Sh74.6 billion.

1.2 Research Objective

i. To compare the influence of corporate cost leadership strategies on the Organizational performance of Safaricom PLC and Airtel (K) Ltd mobile service providers in Kenya.

1.3 Research Hypotheses

H_{01}: Corporate cost leadership strategies do not have statistically significant influence on organizational performance of Safaricom PLC and Airtel (K) Ltd mobile service providers in Kenya.

2.0 Literature Review 2.1 Theoretical Review

The study adopted Porter Generic Strategies model. In 1980, Michael Porter provided an overview of Porter's generic strategy model, which explains how an organization may gain a competitive edge over the range of it's chosen markets (Porter, 1998). There are four generic approaches: cost reduction, differentiation, corporate cost leadership, and concentration on differentiation. One of two competitive advantages that a business may seek is either lower costs than it's rivals or distinctiveness around the factors that consumers value in order to charge higher prices (Gure & Karugu, 2018). Additionally, the business chooses whether to specialize (provide the product to certain market segments) or sell it's goods throughout the whole sector. The general strategy serves as an example of the many competitive advantages and possibilities.

Porter (1985) tried to explain how firms obtained competitive advantage. Low cost or distinctiveness are the two main ways to get a competitive edge, according to Porter. These, together with the range of objectives a company wants to pursue, combine to provide strategies aimed at corporate cost leadership, distinction, and focus. According to this principle, a company can only be prosperous if the products and services it provides are unique. Furthermore, economies of scale are vital since a company that can use fewer resources than others would be more productive and perform better (Baldwin & Clark, 2016). Studies done confirm that the theory's essence in providing the correct technique to think about new consumer capture strategies by restructuring a firm's operation to match the changing business environment while evaluating the company's effectiveness (Sidorowicz, 2015; Barney & Hesterley, 2016).

According to this view, achieving competitive advantage should be a critical managerial decision for any company expecting to thrive. Organizations should put in place competitive strategies that are in line with the firm's dynamics. The theory's relevance is that by concentrating on areas where the individual organizations excel, they are more likely to achieve a competitive advantage. This theory presents a paradigm for reducing operation costs and, as a result, improving performance through lowering opportunity costs.

The model strategies are helpful for choosing organizational strategic positions at both the simple and large levels. The industry's structure and it's position within it were used to build the model. While the other two concentrated on targeted corporate cost leadership and differentiation, those two strategies were concerned with corporate cost leadership and differentiation. The selection of a competitive business is the main concern. This section makes a distinction between large- and small-scale businesses (Atikiya *et al*, 2015). These companies typically concentrate on being a low-cost producer of a particular quality level in an industry, then sell those products at industry average prices to generate a profit more than or lower than rivals. This strategy aims to gain or increase market share. These companies are able to sell their products for lower average prices because of their low manufacturing costs (Porter, 1998). If businesses continue to lose clients to other businesses, they can nonetheless remain profitable despite price wars. Corporate cost leadership is a tactic used by businesses pursuing large markets or organizations seeking to gain a cost advantage by streamlining operations and boosting productivity (Johnson *et al*., 2005).

Expanding on these principles, Porter (1985) delved deeper into explaining how firms can establish competitive advantages. The model's core emphasizes two primary avenues for gaining a competitive edge: either through cost leadership or differentiation. These paths, in conjunction with the scope of objectives an organization aims to pursue, combine to form strategies centered on corporate cost leadership, differentiation, and focus. According to this theory, a company's success hinges upon the uniqueness of the products and services it offers. Additionally, the principle of economies of scale assumes significance, as a company that can achieve higher productivity with fewer resources than it's rivals is better positioned to perform effectively (Baldwin & Clark, 2016). Studies conducted affirm the essence of this theory in providing a framework to conceptualize innovative consumer capture strategies by restructuring a firm's operations to align with evolving business environments while continually evaluating the company's effectiveness (Sidorowicz, 2015; Barney & Hesterley, 2016).

From a managerial standpoint, achieving a competitive advantage is a critical decision for organizations aiming for sustained success. Organizations must formulate competitive strategies that align with their unique dynamics. The theory underscores the importance of focusing on areas where individual organizations excel, increasing the likelihood of establishing a competitive edge. Furthermore, the theory advocates a paradigm for reducing operational costs, ultimately enhancing performance by mitigating opportunity costs.

The strategies outlined in this model are invaluable for guiding organizations in selecting strategic positions, both at the micro and macro levels. The model's development was grounded in industry structure and positioning within it. While two strategies focus on targeted corporate cost leadership and differentiation, the remaining two strategies emphasize broader corporate cost leadership and differentiation. Central to this selection is the identification of a competitive stance, distinguishing between large-scale and small-scale businesses (Atikiya *et al*., 2015). Large-scale businesses often strive to be low-cost producers of products of a certain quality level, selling these products at average industry prices to achieve profit margins higher or lower than competitors. This approach seeks to attain or increase market share, leveraging low production costs to enable competitive pricing (Porter, 1998). In cases of price wars, such businesses can remain profitable even while losing customers to competitors. Corporate cost leadership is often pursued by companies targeting large markets or aiming to achieve cost advantages by streamlining operations and enhancing efficiency (Johnson *et al*., 2005).

The second overarching strategy is the differentiation approach, enabling businesses to offer distinctive goods or services at higher value-added prices. Value-added refers to the perceived enhancement in value by buyers. The differentiated product can be priced to cover the cost of added value or features, based on the buyer's perception of improved worth and utility. The basis of differentiation rests on the impact these goods or services and associated activities have on consumer perceptions. To enhance applicability to business operations, this strategy is integrated into the value chain framework. Each activity along the value chain contributes to buyer value, where actions or features add value to a product or service. The cumulative costs across the value chain determine the premium price usually charged for a high-quality good or service (Porter, 1998). Companies effectively employing the differentiation strategy benefit from superior internal capabilities, such as access to innovative product development teams and cutting-edge research. They can also establish a reputation for innovation and quality. Implementing a differentiation strategy can result in higher profit margins due to premium pricing for value-added offerings (Onyango, 2017).

The third approach is that of focus. A focus strategy involves delivering specialized products or services to a targeted market niche (Porter, 1998). This strategy aims to prevent competitors from entering a specific customer segment that possesses distinct needs. These unique requirements define the company's target market for it’s products or services. The efficacy of these strategies varies between firms and is heavily influenced by industry characteristics (Porter, 1998). This strategy may be perturbing to customers who are unable to purchase products at the established prices (Barney, 1991). Elements such as quality, ease of use, cost, and style of the product or service could be integrated into this strategy (Muraguri, 2018). Small and medium-sized enterprises (SMEs) often adopt this strategy to enhance their competitiveness in various industries.

The Porter's generic strategy model is a critical framework in this study, as it underscores the significance of four distinct strategies—cost leadership, differentiation, corporate cost focus leadership, and focus differentiation—for achieving a competitive advantage, ultimately leading to improved performance. This research intends to analyze corporate cost focus leadership, differentiation focus, and corporate cost focus leadership as independent factors. Consumers often seek multidimensional attributes to enhance product utility, and businesses can successfully apply these strategies by establishing separate business units for each approach based on this model.

The second general strategy is the differentiation strategy. A business's differentiation strategy enables it to provide distinctive goods or services at higher value-added prices. Added value is a term that is used to describe the buyer's perception of the goods. The product can be marketed at a price that covers the cost of the extra value or features thanks to the buyer's impression of the improved worth and usability of the product. The basis for differentiation is the effect on consumers of goods or services and related activities. To improve it’s applicability to commercial operations, the strategy is included in the value chain framework. The buyer value is supported by each activity throughout the value chain (actions or features adding value to a product or service). The total expenses along the value chain define the price that is typically charged for a premium good or service (Porter, 1998). Businesses that successfully use the differentiation method get advantages from better internal forces, such as access to highly skilled and innovative product development teams, as well as from cutting-edge scientific research. Additionally, they will establish a reputation for superior quality and continual innovation.

Companies that adopt a differentiation strategy may make more money because of premium value-added prices (Onyango, 2017).

The third method is focus. A focus practice entails providing a specialized good or service in a focused market niche (Porter, 1998). This tactic is predicated on preventing rivals from entering the market for a particular customer (Chelanga *et al*., 2017). In essence, those are customers who have unique requirements and act as the company's target market for it's services or goods. These strategies vary from firm to company and are greatly impacted by the features of the industry (Porter, 1998). Customers who cannot purchase at the company's set prices find this bothersome (Barney, 1991). Quality, ease of use, cost, style, and other features of the good or service might be included in this (Muraguri, 2018). SMEs are likely to use this approach to increase their ability to compete in any sector.

In this study, the Porter's generic strategy model is crucial since it emphasizes the four strategies— lower costs, differentiated, focus on corporate cost leadership, and focus differentiated—as being essential for achieving a competitive edge, which would then guarantee better performance. As a consequence, the research will examine corporate cost focus leadership, differentiation focus, and corporate cost focus leadership as independent factors. Customers frequently seek out multidimensional qualities to increase the usability of a product, thus firms may apply these strategies successfully by creating separate business units for each of the aforementioned techniques based on this model.

2.2 Empirical Review

Several research have been conducted to investigate several facets of strategic management and organizational performance, which is proof that the terrain of organizational strategy is both rich and diversified. Singh and Panda (2015) made a significant contribution to this body of research by investigating the relationship between the culture of a company and the evolution of strategic leadership. Their study demonstrated a substantial connection between strategic leadership and organizational success by using statistical methods such as one-sample t-tests and descriptive statistics. These methods were used to analyze the data. The implication here is that the cultivation of strategic leadership within an organizational culture is not only a human resource exercise but also a strategic imperative that might greatly affect overall performance. This is because the inference here is that the cultivation of strategic leadership within an organizational culture is a human resource exercise.

Chege (2015) redirected attention at Zetech University away from leadership and onto the actual process of putting strategy into action. The research showed that there was a deficiency in participatory planning due to the fact that staff members were conspicuously missing from the process of strategic planning. Because of this omission, the execution was hesitant, and the performance was poor. The findings of Chege's study serve as a cautionary tale about the drawbacks of a top-down approach to the formulation of strategy and highlight the significance of an inclusive approach to the creation and execution of strategy.

Gitau and Muhia (2015) investigated the complexities of corporate cost leadership at Kenyatta University by means of a descriptive survey. This study followed a similar line of inquiry as the previous one. According to their results, there are various roadblocks in the processes of strategic management that are present across all levels of the business. The significance of the role that senior management commitment and organizational structure played in determining the successful implementation of strategic management cannot be overstated. The findings of this study shed light on the intricate dynamic that exists between the commitment of leadership, the

organizational structure, and the strategic emphasis, all of which contribute to the overall effectiveness of management methods.

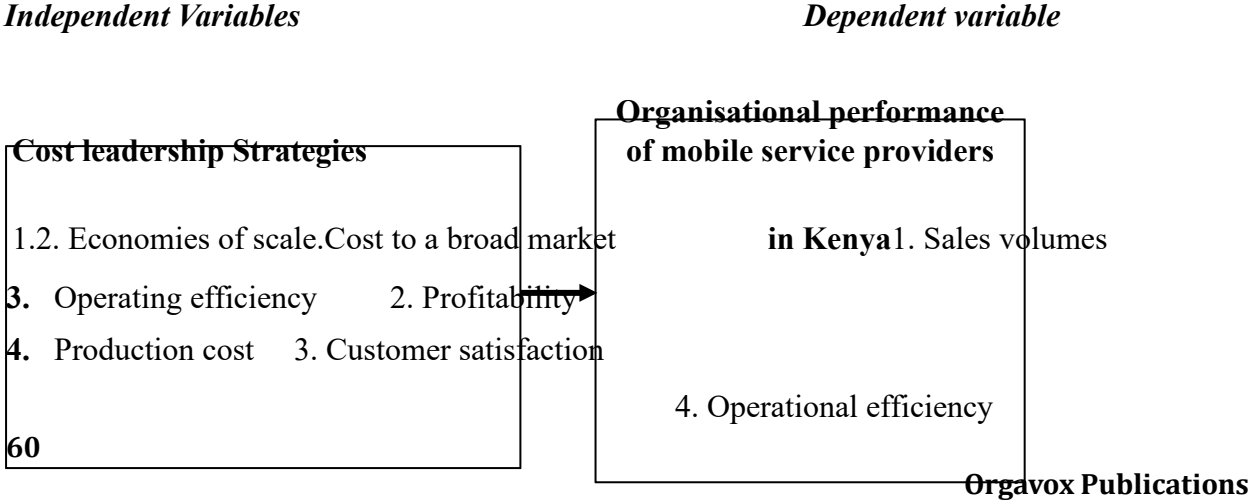
In a similar vein, Josiah (2014) investigated the customer processes used in Kenya's banking business and discovered that firms often fail to meet the requirements of both their internal and external clients. The study brought attention to management accountability difficulties and suggested that when leaders strive to placate various stakeholders, they may end up diluting their focus and become unaccountable as a result. The dialogue regarding strategy and customer interactions has been complicated by this study by adding an ethical and managerial dimension to the discussion.

Ndung'u, Otieno, and Rotich (2016) focused their attention on Equity Bank's reaction to market rivalry within the setting of a highly competitive business. They made the discovery that certain techniques, such as concentrating on the market and developing organizational abilities, were major drivers in increasing the performance of the bank. In a study that was quite similar to this one, Munga (2016) looked at the performance of multinational pharmaceutical businesses in Kenya and concluded that corporate cost leadership methods had a favorable affect. These studies draw emphasis to the more tactical elements of strategy, including the ways in which businesses may improve their performance by fine-tuning their approaches to the market and the costs of their products.

In their investigation of small and medium-sized businesses (SMEs), Achieng and Ngala (2019) concluded that product uniqueness and quality had a significant role in the SMEs' ability to maintain a competitive edge. The research also indicated that corporate cost leadership was a consistent predictor of the success of SMEs, lending credence to the idea that striking a healthy balance between product quality and cost-efficiency is an essential strategic issue for these kinds of businesses. In summing up, these studies provide a multidimensional perspective on strategic management by touching on aspects of the field such as leadership, organizational culture, implementation procedures, cost strategies, and customer relations. They together imply that a nuanced and integrative strategy formulation and implementation method is essential to generating better organizational performance, which can be deduced from the fact that such an approach has been suggested.

2.3 Conceptual Framework

The graphical depiction of the conceptual framework represents the major categories and variables connected by arrows and lines to display the interactions and relationships where the performance of Organizational performance of Airtel and Safaricom mobile service providers in Kenya depends on independent variables.



(Productivity)

Figure 1: Conceptual Framework

Source: Researcher (2023)

3.0 Research Methodology

A positivism philosophical approach was taken in this research. According to the positivism paradigm, hypotheses must be developed and tested to empirically establish a relationship between two variables in a study. This philosophy is founded on the idea that scientific hypotheses are only true if the observed consequences can be verified through empirical tests. It takes a quantitative method to analyze phenomena that is transparent, independent, and impartial (Kothari, 2019). This decision was premised on the fact that the research was based on the ideas examined and necessitated quantitative data and analytical methodologies. Theory, hypothesis, operational definition, measurement, testing, and verification are the six basic components of the hypothetic-deductive process.

Research design is the start of the research roadmap, a master plan that logically and cogently connects the numerous study components (Kothari, 2019). It is a roadmap outlines the methods employed in research. The design considers the issue of research requirement, the location and time of the study, as well as the kind of data required (Kothari, 2019). It aids in determining the tools and procedures required for data collecting and effective data analysis.

The research design for this study was correlational research design. The design is best placed to explore why something occurs when limited information is available and relating more than two variables (Creswell, 2018). It is used to understand how different variables correlate to each other, and how they interact to produce certain outcomes. The importance of this research design was that it enabled the researcher to identify and describe the patterns of relationships between variables, and to draw inferences about the causal mechanisms that underlie these relationships. It was also used to test hypotheses or theories about the relationships between variables and make predictions about how changes in one variable might affect other variables, and ultimately the overall system. The population of the study was all the head of departments and sections at Safaricom PLC and Airtel (K) Ltd mobile service providers in Kenya who are based in Nairobi County. Nairobi was selected since Safaricom, and Airtel head office are in Nairobi. Specifically, the heads of sections and departments are expected to have crucial formulation on execution and evaluation of strategies adopted by the two firms. These departments are tasked with strategy formulation, implementation, monitoring, and evaluation.

This study employed a census approach to encompass all the 124 and 111 staff from Safaricom and Airtel respectively were studied. The heads of departments to be studied were under finance, operations, corporate strategy, product development, marketing and sales, innovation, and technology departments in Nairobi County. These departments are tasked with strategy formulation, implementation, monitoring and evaluation. Cooper and Schindler (2012) advocate for the use of convenience sampling when studying a population with highly similar characteristics. They argue that this method allows for sample collection at the most accessible locations within the study site, which can be particularly advantageous when the objects or subjects within the population exhibit minimal variability (Cooper & Schindler, 2012).

Primary means was used to collect data for this project. Questionnaires were used to collect primary data for the study, and each section targeted a different research objective. The available

literature review and additional direction from the supervisor were used to develop the questionnaires. Where it was impossible to physically collect the data, questionnaires were sent virtually. A Likert Scale was also used to rate the respondents' responses to the questionnaire's numerous statements. A secondary data collection sheet was used to collect secondary data.

Data sampling, categorization, and interpretation was done once the questionnaires were received back to give clear, intelligible, current, authentic, and correct knowledge aimed at meeting the goals of the research sample (Kothari, 2019). The obtained data was thoroughly examined, checked for inaccuracies, and tabulated as necessary. In the data analysis process, a combination of descriptive statistics, panel data, and multiple regression analysis methodologies were employed. The SPSS software, version 28, was used for the analysis of descriptive statistics, which included metrics such as the mean and standard deviation to provide a summary of the data.

Multiple regression models were further used to empirically test the study's hypotheses, providing insights into the relationships between various variables. To enhance the interpretability and presentation of the findings, data was organized and displayed using tables and figures. This multipronged approach to data analysis facilitated a comprehensive understanding of the study's subject matter.

To compare the findings, analysis was done for Safaricom and Airtel and the results compared to find out whether the findings were significantly different.

Table 1: Hypotheses Testing

Hypotheses Statement	Hypotheses Test	Decision Rule
Corporate cost leadership Strategies do not have significant influence on performance of Safaricom PLC and	β- test H o: $\beta 1 = 0$; HA: $= \beta 1 \neq 0$	Reject H o1 if P-value ≤ 0.05 Otherwise fail
Hypotheses Statement	**Hypotheses Test**	**Decision Rule**
Airtel (K) Ltd service mobile providers in Kenya.		to reject H o1 if Pvalue ≥ 0.05

Source: Researcher, (2023)

4.0 Research Findings

This section determined the extent at which corporate cost leadership strategies affected organizational performance. Table 2 shows the results obtained.

Table 2: Corporate Cost Leadership Strategies and Organizational Performance

	Overall		Airtel		Safaricom	
Statement	**Mean**	**SD**	**Mean**	**SD**	**Mean**	**SD**

Our prices vary depending on the clientele. We also provide goods and services at	4.29	0.874	4.30	0.58	4.27	1.10
lower costs than those of our rivals when we have a significant number of clients.	4.16	1.002	4.28	0.61	4.05	1.28
To cut operating costs, our business always looks for ways to avoiding unnecessary expenditure.	4.11	0.954	4.29	0.64	3.93	1.16
We consistently reduce waste while upholding the caliber of our products and services.	4.14	0.895	4.24	0.67	4.05	1.07
Our business always looks for ways to cut the costs of buying products or providing services.	4.13	0.959	4.22	0.67	4.03	1.18
We continuously ensure that costs related to maintaining and operating the business are maintained to a minimal.	4.19	0.855	4.18	0.68	4.19	1.01
We constantly put customers first who are interested in our goods or services.	4.05	0.915	4.24	0.61	3.85	1.11
Average Mean score	**4.15**	**0.922**	**4.25**	**0.64**	**4.05**	**1.13**

Source: Research Findings (2023)

Table 2 indicates that on overall, Safaricom had better corporate leadership strategies than Airtel with a mean of 4.25 and standard deviation of 0.64 compared to Airtel mean of 4.05 and standard deviation of 1.13. This indicated that Safaricom was the leader in corporate cost leadership strategies. Safaricom took lead in all the specific measures of corporate leadership strategies including pricing per clientele, providing lower costs of goods to clients, and putting customers first. Airtel took lead in continuously ensuring that costs related to maintaining and operating the business are maintained to a minimal.

Overall, the respondents stated to a very large extent, prices varied depending on the clientele, they firms provide goods and services at lower costs than those of rivals when there is a significant number of clients, to cut operating costs, the business always looks for ways to avoiding unnecessary expenditure and the firms consistently reduce waste while upholding the calibre of our products and services with means of 4.29, 4.16, 4.11 and 4.14 respectively. A very large extent was also noted on the businesses always look for ways to cut the costs of buying products or providing services, the mobile service providers continuously ensure that costs related to maintaining and operating the business are maintained to a minimal and constantly put customers first who are interested in our goods or services with respective means of 4.13, 4.19 and 4.05. Based on the results of the descriptive statistics, it was inferred that there is a high level of agreement among respondents regarding the adoption of corporate cost leadership strategies by mobile service providers in Kenya. The overall mean score of 4.15 (on presumably a 5-point scale) suggests a significant extent of implementation of these strategies within the industry. This high mean score indicates that corporate cost leadership is a prevalent strategic approach among mobile service providers in the country, potentially shaping competitive dynamics and performance outcomes. The average standard deviation of 0.922 indicates that the data points in a dataset are relatively close to the mean which is a relatively small amount of spread. Respondents thus strongly agreed that businesses adopt cost-saving measures, offer

competitive prices based on client numbers, minimize unnecessary expenses, and focus on waste reduction while maintaining product quality.

As shown by above, corporate cost leadership strategies (X_1) has a positive influence on the performance of the mobile service providers (Safaricom and Airtel combined) (r=0.283**, P=0.000). A unit increase in this variable will result in a proportional increase in the performance of the mobile service providers. In addition, the effect was significant as the p value was less than 0.05. This means that this variable can be able to significantly predict changes in the performance of the mobile service providers.

Table 3: Correlation Results

			Safaricom and Airtel	Safaricom	Airtel
Corporate strategies	cost leadership	Pearson Correlation	.283**	0.018	.404**
		Sig. (2-tailed)	0.000	0.000	0.000
		N	195	97	96

Source: Research Findings (2023)

As shown by above, corporate cost leadership strategies (X_1) has a positive influence on the performance of the mobile service providers (Safaricom) (r=0.018**, P=0.000). A unit increase in this variable will result in a proportional increase in the performance. In addition, the effect was significant as the p value was less than 0.05. This means that this variable can be able to significantly predict changes in the performance of the mobile service providers.

As shown by above, corporate cost leadership strategies (X_1) has a positive influence on the performance of the mobile service providers (Airtel) (r=0.404**, P=0.000). A unit increase in this variable will result in a proportional increase in the performance. In addition, the influence was significant as the p value was less than 0.05. This means that this variable can be able to significantly predict changes in the performance of the mobile service providers.

Table 4: Model coefficients

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Safaricom and Airtel	0.009	0.096	0.008	0.094	0.000
Safaricom	0.008	0.025	0.049	0.308	0.000
Airtel	0.002	0.137	0.002	0.016	0.987

H0$_1$: *Corporate cost leadership strategies do not have statistically significant influence on organizational performance of Safaricom PLC and Airtel (K) Ltd mobile service providers in Kenya.* The regression results indicated a p value of 0.000, which was less than 0.05 at 5% level of significance. The hypothesis was rejected since the p value was less than 0.05. This implied that corporate cost leadership strategies have a significant influence on the organizational performance of Safaricom PLC and Airtel (K) Ltd mobile service providers in Kenya. Karabulut

(2015), posits that corporate cost leadership influences company performance through generating economies of scale, developing creative cost-saving hotel designs, successfully lowering operational costs, and upholding strict cost control throughout all corporate activities. Also, Kahuari, Muraguri and Kinyua (2019) explored the impact of technological advancements and change management initiatives on the performance of Huduma Centers in Nairobi City County, Kenya. Their research revealed a notable positive correlation between transformational leadership and the centers' performance. Interestingly, the study also found that despite the general perception that technology and change management are pivotal for organizational performance, Huduma Centers in the studied region were largely not adopting suitable technological and change management strategies.

This raises critical questions about the disconnect between the potential benefits of technology and change management and the actual practices at these Huduma Centers. The study suggests that while transformational leadership seems to have a positive influence, the lag in adopting relevant technology and change management initiatives may be hindering optimal performance. The findings have both theoretical and practical implications, inviting further research into why this gap exists and how it could be bridged for better performance outcomes.

5.1 Conclusion

Reaching more people and promoting literacy via mobile service providers would help Kenya accomplish its 2030 vision's social pillar. Adopting a competitive strategy is essential for businesses since the study's results are consistent with achieving sustainable development objectives. Enhancing mobile service providers' performance will lead to job creation and help meet the Millennium Development Goals, which include reducing poverty, hunger, and illness. Additionally, mobile service providers play a crucial role in enabling internet access, which will help lower the rate of illiteracy and spread crucial social ideals like stopping environmental damage and discrimination against women. The research found a favorable correlation between the performance of Kenyan mobile service providers and both cost leadership techniques. According to the study's findings, cost leadership tactics support cost optimization, competitive pricing based on client volume, and careful reduction of operational expenditures. On the other hand, the focus on differentiation methods is meant to assist mobile service providers in customizing products and services for certain areas and populations, which will allow them to interact with their varied clientele more successfully. By creating stronger ties with customers, this strategic distinction lays the groundwork for enduring loyalty. The necessity for companies to manage complex regulatory frameworks while maximizing their operational efficiency is highlighted by the external effect of government regulations**.**

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