*African Journal of Business & Development studies Volume 2 Issue 1 2025*
ISSN: 3079-6903
DOI: https://doi.org/10.70641/ajbds.v2i1.164

AFRICAN JOURNAL
OF BUSINESS AND DEVELOPMENT STUDIES

AJBDSresearchjournal@usiu.ac.ke
journals.usiu.ac.ke

# Differentiation Strategy Implementation and Organizational Performance of Financial Technology Firms in Kenya

*[1*] Eliud M. Obanda, [2]Joyce W. Ndegwa & [3]Timothy C. Okech*
*[1,2,3] United States International University –Africa, Nairobi, Kenya*

*Correspondence Email: eliud.muholo@gmail.com*

Cite: Obanda E.M., Ndegwa J.W., & Okech T.C. (2025). Differentiation Strategy Implementation and Organizational Performance of Financial Technology Firms in Kenya. *African Journal of Business & Development Studies*,2*(1)*,567-578. https://doi.org/10.70641/ajbds.v2i1.164

**Abstract**

Financial technology companies are inadequately prepared to address the challenges posed by disruptions, competition from larger, more established entities, and globalization, resulting in widespread difficulties in performance. The purpose of this study was to examine the influence of differentiation strategy implementation on organizational performance of financial technology firms in Kenya. The research was based on strategic-fit theory, applied a positivist research philosophy and a descriptive survey research methodology. The research population included 120 financial technology enterprises in Kenya, from which primary data was obtained using a structured questionnaire administered to a sample of 276 managers across 92 firms. Descriptive and inferential statistics were used to analyze the acquired data. The results indicated that that implementation of differentiation strategy has a significant effect on organizational performance of financial technology firms in Kenya ($\beta = 0.648$, $t = 13.112$, $p < 0.05$). The research concluded that the implementation of differentiation strategy enhances the organizational performance of fintech firms. The study recommends that fintech companies should foster an environment that encourages creative problem-solving and continuous improvement by providing employees with necessary resources and incentives to innovate, and integrating advanced data analytics. The study also recommends to policymakers to support a regulatory framework that encourages fintech firms to pursue differentiation strategies. This includes expanding the Central Bank of Kenya's regulatory sandbox to include more fintech segments and shortening product approval cycles and increase transparency on sandbox selection criteria.

**Keywords:** Differentiation strategy, financial technology firms, organizational performance, Strategic fit theory.

## Introduction

The context of today's rapid and intensely competitive business landscape has made organizational performance to become more important (Thu & Xuan, 2023). Organizations that continuously excel may distinguish themselves in the marketplace, drawing consumers, talent, and investors. High-performing organizations often possess a motivated staff, resulting in enhanced productivity and reduced attrition rates. Organizations that emphasize performance are frequently more adept at adapting to market changes, fostering innovation, and seizing growth opportunities (Allen & Helms, 2021). Organizational performance is vital for a company, making it imperative for any organization to assess and track its performance consistently and in comparison to competitors (Wijaya *et al*., 2022). Organizational performance may be assessed by several metrics and frameworks, including key performance indicators (KPIs), financial measures, stakeholder surveys, benchmarking, return on investment (ROI), and the balanced scorecard (BSC) (Tawse & Tabesh, 2023). The Balanced Scorecard (BSC) was used to assess organizational performance in this research. The Balanced Scorecard (BSC) is a strategic planning and management tool that aids organizations in aligning their operations with their objectives and vision. According to Kaplan and Norton (1992), it evaluates organizational performance across four dimensions: customer, financial, internal processes, and learning and development.

Effective strategy implementation is seen as a comprehensive approach for positioning a firm within an industry (Ingabire & Irechukwu, 2022). Porter (1980) introduced the concept of generic strategies and indicated that to achieve long-term success, an organization must strategically choose one of the generic strategies instead of being "stuck in the middle." The three general strategic options are cost leadership, differentiation, and focus. Differentiation strategy is an approach in which an organization aims to set itself apart from rivals by emphasizing the superior quality of its products (Banker, Mashruwala, & Tripathy, 2019). The strategic fit theory suggests that a distinctive product or service might lead to strong client loyalty and thereby enhance the performance of the organization only when the strategy fits the organization’s internal and external environment. The differentiation strategy incorporates market segmentation, innovation and customization to make the product distinct from rivals. Market segmentation categorizes a market into smaller groups based on requirements, demographics, goals, similar interests, and other psychographic or behavioral factors to get a deeper understanding of the target audience (Gatimu & Amuhaya, 2022). Innovation is the application of ideas that lead to the creation of new products or services or enhancements to existing ones (Acquaah & Agyapong, 2020). Product customization is where a firm tailors a product to the requirements and tastes of its customers (Banker et al., 2019).

The focus of the present research was on financial technology (fintech) companies. Globally, fintech funding plunged to a seven-year low in 2024, with total investment dropping to around US$96 billion, roughly a 60 % decline over three years. The sector also experienced reduction in deal volume by 17%, with just 3,580 transactions, marking the steepest annual decline in funding in three years which adversely affected performance of firms in the sector. Regionally, in Africa, fintech faces persistent challenges around regulation and cross-border scaling. Despite a surge in fintech startups, most grapple with fragmented regulatory regimes, a key barrier to performance and growth (Statista, 2025). Fintech companies in Kenya are essential in advancing financial inclusion, potentially enhancing economic growth, alleviating poverty, and reducing income inequality (PriceWaterhouseCoopers, 2023). Nevertheless, the companies are inadequately prepared to address the challenges posed by disruptions, competition from larger, more established entities, and globalization, resulting in widespread difficulties in performance and competitiveness.

A baseline analysis conducted by The Kenya Institute for Public Policy Research and Analysis (KIPPRA) reveals a significant rate of failure and stagnation across several financial technology enterprises, with just 31% of these firms seeing expansion (Nyaramba & Thuranira, 2023). Additionally, the poll revealed that 58% of companies have experienced stagnation in client acquisition, and the majority are very susceptible to closure during their first three years of operation. For success, fintech firms must adeptly execute an optimal strategy that harmonizes their resource allocation with the competitive dynamics of their industry to capitalize on initiatives from government and development entities (Shalom, 2023). Given the economic importance of fintech firms in Kenya, it is essential to identify how differentiation strategy implementation can lead to sustained organizational performance.

This study sought to address the contextual, conceptual, and methodological gaps in the extant studies conducted on the differentiation strategy implementation and its effect on organizational performance. Islami et al. (2020) assessed the influence of differentiation strategy on firm performance in Kosovo and determined that the pursuit of market segmentation yields superior business performance. This study left a conceptual gap as it did not consider the influence of innovation and customization on performance. Another study in China by Li et al. (2021) investigated the impact of market segmentation in a differentiation strategy and determined that although enterprises initially gain from market segmentation during the inauguration period, this advantage fades over time and ultimately poses a threat to the firm's existence. The study applied secondary data whereas the current study used primary data. In Kenya, Gatimu and Amuhaya (2022) determined that differentiation strategy positively influenced the organizational performance. This study was however, not conducted in the fintech sector and thus the findings may not apply to the sector. Another study in Kenya by Imbwaga (2023) investigated the effect of Porter’s generic strategies on the performance of tire dealers in Nairobi County. The study, however, was undertaken amongst tire manufacturers and thus this leaves a contextual gap as the findings may not readily apply to fintech firms in Kenya. From the foregoing, it is evident that existing empirical studies reveal a scarcity of literature about the implementation of differentiation strategy and the organizational performance of fintech enterprises in Kenya.

## Literature Review

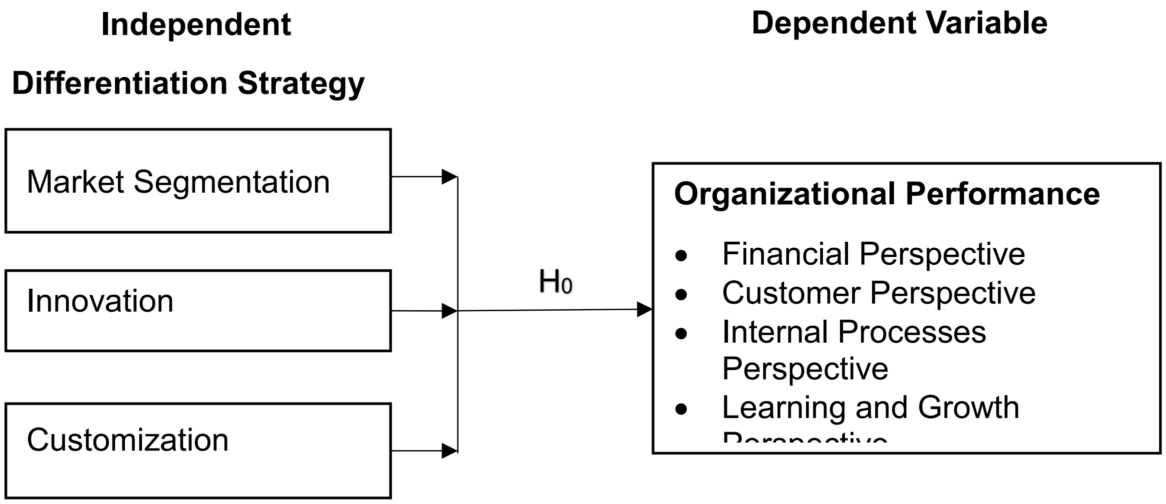
The study was based on strategic fit theory by Venkatraman and Camillus (1984) which emphasizes the alignment between internal capabilities and external market demands for differentiation strategy to lead to organizational performance. Islami *et al*. (2020) state that product or service differentiation reflects the creativity of individuals and groups inside organizations. Organizations that achieve a strong strategic fit, where their unique resources, competencies, and internal processes are well-matched with their chosen strategy, are more likely to attain superior performance (Gatimu & Amuhaya, 2022). This strategy involves achieving higher profits than competitors by building brand trust, quality, and positive customer perceptions of the company's products.

## Theoretical Review

This research was based on the strategic fit theory posits that organizational success depends on the alignment between a company’s internal capabilities and its external environment (Venkatraman & Camillus, 1984). In the context of a differentiation strategy, which emphasizes unique products or services that offer superior value, strategic fit theory explains that high organizational performance results when differentiation is supported by appropriate internal resources and capabilities, such as innovation, market segmentation, skilled personnel, customization and flexible processes. Ngo (2023) observed that when these internal strengths align with market demands for quality, uniqueness, or brand prestige, the organization can experience high performance that leads to increased customer loyalty, premium pricing, and stronger market positioning. Thus, the strategic fit between the firm’s differentiation efforts and its internal and external environment is crucial in enhancing overall performance (Anwar & Shah, 2021). This theoretical framework led to the conceptual model provided in Figure 1.

**Figure 1**

*Conceptual Model*




The model in Figure 1 posits that differentiation strategy, conceptualized through strategic dimensions of customization, innovation, and differentiation, serves as the independent variable whose effects on organizational performance are examined through the four perspectives of the Balanced Scorecard: financial, customer, internal processes, and learning & growth. It thus hypothesizes that more precise segmentation strategies, high innovation and customization will yield improvements across each performance dimension, laying the groundwork for empirical validation of these linkages.

**Empirical Review**

Islami et al. (2020) demonstrated the influence of Porter's differentiation strategy which involved market segmentation on the performance of a company. The study applied an econometric model to quantify this association. The findings were derived from data collected from 113 enterprises operating in the Republic of Kosovo. The hypotheses were tested using t-tests, Pearson's correlation analysis, and multivariate regression analysis. Econometric findings indicate that the pursuit of market segmentation yields superior business performance. These findings partially differed from findings in China by Li et al. (2021) investigated the impact of market segmentation on firm survival and resource allocation efficiency. It focused on data from manufacturing firms between 1998 and 2007 obtained from the Annual Survey of Industrial Firms. Results indicated that although enterprises initially gained from market segmentation during the inauguration period, this advantage fades over time and ultimately poses a threat to the firm's existence.

Another study in Ethiopia by Ayinaddis (2023) investigated how innovation under the differentiation strategy impacts the performance of micro and small manufacturing enterprises in certain communities within the Awi Zone, Amhara. The research focused on 643 micro and small manufacturing enterprises located in Injibara, Dangila, and Tilili. A sample of 247 manufacturing enterprises was used for the study, with cross-sectional primary data obtained from wood and metal manufacturing firms in selected towns of Awi Zone. The research used correlation and multiple linear regression analysis to assess the impact of innovation on company performance. The regression analysis showed that product, process, marketing, and organizational innovation had a positive and significant correlation with firm performance. Tweneboah-Koduah et al. (2020) investigated how process innovation and customization when implementing a differentiation strategy impact the financial and non-financial performance of hospitality organizations in Ghana. The research findings showed that combining process innovation with customization leads to increased business performance due to their complimentary qualities.

Differentiation strategy aims to increase the perceived value of an organization’s products and services in comparison to its competitors by customization to the needs of customers (Kamau, 2013). To assess the role of differentiation in the organization, Yasar (2010) investigated the effect of differentiation strategy on organizational performance in the Gaziantep carpeting sector and used customization as a parameter. The study established that there is no significant relationship between customization and firm performance. The findings from this study contradict the findings by Gatimu and Amuhaya (2022) who determined that differentiation strategy positively influenced the organizational performance. Further, the effect of differentiation strategy on the performance of Tyre dealers in Nairobi County was investigated by Imbwaga (2023). The study used innovation as one of the parameters of the differentiation strategy. The study findings revealed a significant impact of the innovation aspect of differentiation strategy on firm performance. The findings support those by Murage (2011) who studied competitive strategies as implemented in the petroleum industry in Kenya and established that firms in this industry used differentiation and market segmentation as the strategy for gaining competitive advantage over their rivals.

**Methodology**

This study used the positivist research philosophy, which emphasizes hypothesis development and testing, systematic data gathering, quantitative analysis, and the establishment of an analytical framework. This methodology corresponds with the conceptual viewpoint of natural sciences and entails the examination of observable social phenomena to produce universally applicable generalizations (Schindler, 2022). The research used a descriptive approach, deemed most appropriate for assessing the effect of differentiation strategy on organizational performance. This study's population included 120 fintech enterprises in Kenya (Fintech Association of Kenya, 2024). The sample frame for this research included fintech enterprises in Kenya, sourced from the Central Bank of Kenya and the Fintech Association of Kenya.

The study's sample of 92 was obtained through a stratified sampling technique, wherein the researcher categorized fintech firms into distinct strata based on firm size (small, medium, or large) and subsequently proportionately allocated the sample to each stratum to ascertain the sample size for each group. Data was gathered with a standardized questionnaire disseminated by electronic administration (Google Forms) and the drop-and-pick method. The administration focused on three top employees in marketing, operations, and finance, administering the questionnaire at their workplaces. A pilot study was conducted to evaluate the reliability and validity of the questionnaire prior to its deployment for data collection. The gathered data was analyzed using descriptive statistics, including metrics such as means, standard deviations, percentages, and frequencies. A simple linear regression analysis was performed to examine the influence of differentiation strategy implementation on organizational performance. Tables were used to graphically represent and convey the results.

**Findings**

The findings are presented in this section after the analysis of the data through descriptive statistics and multiple linear regression.

### *Demographic Characteristics*

The research sample consisted of 276 senior employees of the fintech firms, of whom 239 provided responses, resulting in a satisfactory response rate of 86.6%. The results revealed that the majority of respondents (56.5%) indicated that their fintech companies had been in operation for six to ten years, while just 5% stated that their businesses had been operating for eleven to twenty years. The results revealed that 47.7% of respondents indicated that their fintech businesses employed between 50 and 100 individuals, while 2.9% claimed their firms had over 200 employees. The survey results revealed that 61.9% of respondents posited that their fintech businesses operated just in Kenya, while 2.9% claimed their organizations had operations in Africa and beyond (global).

### *Descriptive Statistics for Organizational Performance*

The dependent variable in this research was organizational performance, which was measured using four constructs which were financial perspective, customer perspective, internal processes perspective and learning and growth perspective. The sub-variables were measured using a rating scale ranging from 1 to 5, where 1 represented 'strongly disagree' and 5 represents 'strongly agree'. The responses were analyzed using means (M) and standard deviations (SD). The research findings are provided in Table 1.

**Table 1**

*Descriptive Statistics for Organizational Performance*

| **Financial Performance** | **Mean** | **Std. Deviation** |
|---|---|---|
| The firm has achieved the planned revenue growth targets over the past two years | 3.84 | .645 |
| The profitability of this firm is better compared to industry benchmarks and competitors | 3.96 | .617 |
| This firm has achieved its return on assets (ROA) and return on investment (ROI) targets over the past two years | 3.71 | .681 |
| Over the past two years, the firm has met shareholder expectations in terms of financial performance | 3.69 | .675 |
| **Customer Performance** | | |
| Customers usually give positive reviews about the company and its products | 4.24 | .555 |
| The firm provides quick product delivery options based on customer needs | 4.23 | .695 |
| The firm has a high customer retention rate | 4.11 | .644 |
| Customers rate the quality of our products or services better compared to competitors | 4.05 | .636 |
| **Internal Processes Performance** | | |
| The processes of the company are compliant with industry regulations and standards | 4.38 | .594 |
| The business has leveraged technology effectively to automate and improve operations | 4.19 | .605 |
| The firm has mechanisms in place for continuous process improvement | 4.36 | .562 |
| The business ensures consistency and quality across all critical business processes | 4.16 | .644 |
| **Learning and Growth Performance** | | |

| | | |
|---|---|---|
| The firm has training programs to ensure employees have the skills required to meet future needs | 4.20 | .628 |
| Employees in this firm are encouraged to engage in continuous learning and upskilling | 4.28 | .629 |
| The firm has effective strategies to improve workplace morale and retain talent | 4.19 | .599 |
| The firm has systems for enabling innovation and sharing knowledge within the organization | 4.06 | .619 |
| **Average** | **4.10** | **0.627** |

The descriptive statistical analysis results of organization performance showed that the average mean score of organizational performance was 4.10 implying that generally, respondents agreed with the statements. Besides, the average SD (0.627) was low indicating that there was a low dispersion of responses from the mean.

***Descriptive Analysis for Differentiation Strategy***

The study used three constructs that comprised market segmentation, innovation and customization to measure implementation of differentiation strategy in the fintech firms. A scale of 1 to 5, with 1 denoting strongly disagree and 5 denoting strongly agree, was employed by the study. The study used means (M), and standard deviation (SD) to analyze the responses. Table 2 provides the study findings.

**Table 2**

*Descriptive Statistics for Differentiation Strategy Implementation*

| **Market Segmentation** | **Mean** | **Std. Deviation** |
|---|---|---|
| This company has identified and targeted specific groups of consumers with distinguished products | 4.23 | .563 |
| The company focusses on differentiating its products to fit the needs of a particular market segment. | 4.30 | .562 |
| This firms focuses its marketing efforts on the market segments that are most profitable | 4.12 | .665 |
| The firm engages in market segmentation to position the business differently from its competitors | 4.21 | .583 |
| **Innovation** | | |
| This firms develops innovative products for the broad market | 4.11 | .563 |
| The firm employs various data analytics to establish and satisfy customer needs | 4.34 | .556 |
| This organization has fostered a culture of innovation that encourage and support creativity | 4.36 | .545 |
| The firm provides its employees with resources, tools, processes, and incentives that enable and reward innovation | 4.22 | .548 |
| **Customization** | | |
| This organization provides different and distinct products from what the competitors offer | 3.97 | .664 |
| The company engages in personalization to align its products with what customers truly desire. | 3.95 | .832 |
| This firm offers customization options that enable customers to create products that perfectly fit their preferences | 4.11 | .865 |
| The company continually monitors the target market's preferences and needs to inform its differentiation strategy | 4.09 | .845 |
| **Average** | **4.17** | **0.649** |

The findings provided in Table 2 show that the average mean score for differentiation strategy implementation was 4.17 implying that generally, respondents agreed with the statements. This shows that the fintech firms implemented the differentiation strategy to a great extent. The average SD (0.649) was low indicating that there was low variation of the responses from the mean.

***Linear Regression of Cost Leadership Strategy on Organizational Performance***

A simple linear regression analysis was conducted to investigate the influence of differentiation strategy on organizational performance of fintech firms in Kenya. The model had organizational performance as the dependent variable against differentiation strategy. The results shown in Table 3 indicate that the R-square value for the correlation between differentiation strategy implementation and organizational performance of financial technology firms in Kenya was 0.420. This suggests that differentiation strategy implementation by fintech firms account for 42% of the variation in organizational performance across fintech firms in Kenya.

**Table 3**

*Model Summary for Differentiation Strategy and Organizational Performance*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .648[a] | .420 | .418 | .301 |

a. Predictors: (Constant), Differentiation Strategy
b. Dependent Variable: Organizational performance

The researcher further performed the ANOVA test to evaluate the statistical significance of the model. The findings are presented in Table 4 and they demonstrate that the model exhibited statistical significance, as evidenced by the significance of the f value ($F = 171.933$, $p < 0.05$). This suggests that the model is a good fit for the empirical data.

**Table 4**

*ANOVA for Differentiation Strategy and Organizational Performance*

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 15.566 | 1 | 15.566 | 171.933 | .000[b] |
| | Residual | 21.456 | 237 | .091 | | |
| | Total | 37.022 | 238 | | | |

a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), Differentiation Strategy

Furthermore, the study explored the impact of implementing a differentiation strategy on the organizational performance of financial technology firms in Kenya. The research findings in Table 5 indicate that in the absence of differentiation strategy implementation by fintech firms, the organizational performance of financial technology firms in Kenya would be 1.569 on a scale of 1 to 5 (constant = 1.569). The results show that implementation of differentiation strategy has a significant effect on organizational performance of financial technology firms in Kenya ($\beta = 0.648$, $t = 13.112$, $p < 0.05$). These findings indicate that a one-unit improvement in implementation of differentiation strategy by fintech companies would lead to a 0.648 rise in organizational performance of the fintech firms. These findings led to the rejection of the null hypothesis that differentiation strategy implementation has no significant effect on organizational performance of financial technology firms in Kenya.

**Table 5**

*Regression Coefficients for Differentiation Strategy and Organizational Performance*

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 1.569 | .208 | | 7.546 | .000 |
| | Differentiation Strategy Implementation | .653 | .050 | .648 | 13.112 | .000 |

a. Dependent Variable: Organizational performance

The study findings in Table 4.5 led to the regression model:

$$\text{Organizational Performance} = 1.569 + 0.648 \text{ (Differentiation Strategy Implementation)}$$

**Discussion**

The research findings show that implementation of differentiation strategy has a significant effect on organizational performance of financial technology firms in Kenya. The results align with Porter's (1985) competitive advantage theory, which posits that firms achieve a sustainable market advantage by adopting one of three generic strategies: cost leadership, differentiation, or focus. The strong positive relationship between differentiation strategy and organizational performance supports the theoretical framework proposed by Porter (1985). Porter suggests that firms that successfully implement a differentiation strategy can command premium pricing, attract a dedicated customer base, and achieve superior financial performance. The significant impact of differentiation strategy on fintech firms' performance in Kenya highlights the importance of innovation, customer-centric solutions, and unique value propositions in achieving a competitive edge. These findings are also supported by the study by Balaz et al. (2023) in Slovakia which found that innovation-driven differentiation strategies influenced organizational performance. Similarly, Tweneboah-Koduah et al. (2020) suggest that customization, when combined with process innovation, leads to superior performance in the hospitality sector.

The regression results indicating that the implementation of a differentiation strategy has a significant effect on the organizational performance of fintech firms in Kenya align with existing literature on differentiation as a competitive strategy. Gatimu and Amuhaya (2022) also link differentiation with enhanced firm performance, which further validates the findings. The study's focus on fintech firms is significant, as differentiation strategies in this sector may involve innovation, customization, and market segmentation, as outlined by Islami et al. (2020). This aligns with research by Anwar and Shah (2021), who emphasize the role of appealing product features, customer service, and R&D investment in strengthening differentiation and organizational performance. Additionally, Ayinaddis (2023) demonstrated that product, process, marketing, and organizational innovation contribute to company success, emphasizing the role of continuous technological advancements. These insights are particularly relevant to fintech firms, which thrive on innovation to remain competitive in a rapidly evolving industry. Customization, another key element of differentiation, has been debated in the literature. While Kamau (2013) and Auzair and Sofiah (2011) highlight its significance in increasing product value, Yasar (2010) found no significant relationship between customization and firm performance in the Gaziantep carpeting sector.

**Conclusions**

The study established that implementation of differentiation strategy has a significant effect on organizational performance of financial technology firms in Kenya. Therefore, the study concludes that by implementing a differentiation strategy fintech firms in Kenya were able to improve their organizational performance. Further, fintech companies in Kenya engaged in tailored market segmentation, targeting specific consumer groups and positioning themselves effectively against competitors. This strategy helped them focus on the most profitable segments and use resources efficiently, which in turn improved their performance. Moreover, the study concludes that fintech firms prioritize innovation, fostering a culture that encourages creativity, utilizes data analytics to understand customer needs, and develops new products to enhance service quality. This commitment to innovation is essential for performance.

**Recommendations**

Based on the study conclusion, fintech firms in Kenya should set up dedicated innovation labs in Nairobi and key regional hubs, allocating at least 5–10% of annual revenue to R&D and offering staff “innovation grants” and equity-style incentives to pilot new ideas. They must partner directly with the country’s growing network of payment agents to integrate real-time mobile-money transactions artificial intelligence driven credit-scoring models that leverage transaction and psychometric data, and co-develop personalized products tailored to growing markets. On the policy front, they should work through the Fintech Association of Kenya to advocate for expanded tax credits for fintech R&D stronger intellectual property protections, and streamlined licensing through CBK’s Regulatory Sandbox, ensuring quick time-to-market for differentiated digital lending, payment, and investment services.

Findings by this research showed that differentiation strategy implementation has a significant influence on organizational performance of fintech firms in Kenya. The study suggests that to further research in this subject, future studies should extend the research to compare the influence of differentiation strategy implementation on organizational performance in other sectors such as manufacturing, healthcare, or telecommunications. Besides, future studies should investigate whether fintech firms in different regions (for instance, East Africa, Sub-Saharan Africa) experience similar effects from differentiation strategy implementation.

**References**

Acquaah, M., & Agyapong, A. (2020). The Relationship between Competitive Strategy and Firm Performance in Micro and Small Businesses in Ghana: The Moderating Role of Managerial and Marketing Capabilities. Africa Journal of Management, *1*(2), 172–193.

Allen, R. S., & Helms, M. M. (2021). Linking strategic practices and organizational performance to Porter’s generic strategies. *Business Process Management Journal*, *27*(4), 433–454.

Anwar, M., & Shah, S. Z. A. (2021). Entrepreneurial orientation and generic competitive strategies for emerging Firms: Financial and nonfinancial performance perspective. *Journal of Public Affairs*, *21*(1), e2125. Retrieved February 17, 2025, from https://doi.org/10.1002/PA.2125

Auzair, & Sofiah, M. (2011). The effect of business strategy and external environment on management. International *Journal of Business and Social Science*, *2*(13), 236–244.

Ayinaddis, S. G. (2023). The effect of innovation orientation on firm performance: evidence from micro and small manufacturing firms in selected towns of Awi Zone, Ethiopia. *Journal of Innovation and Entrepreneurship*, *12*(1), 1–19.

Baláž, V., Jeck, T., & Balog, M. (2023). Firm performance over innovation cycle: evidence from a small European economy. *Journal of Innovation and Entrepreneurship*, *12*(1), 1–23.

Banker, R. D., Mashruwala, R., & Tripathy, A. (2024). Does a differentiation strategy lead to more sustainable financial performance than a cost leadership strategy? *Management Decision*, *62*(5), 872–896.

Fintech Association of Kenya. (2024). *List of financial technology firms in Kenya*. Nairobi.

Gatimu, S. K., & Amuhaya, J. (2022). Effect of competitive strategies on the performance of SMEs in Kiambu County, Kenya. *Journal of Business and Strategic Management*, *7*(1), 69–87.

Imbwaga, E. (2023). Effect of Porters Generic Strategies on Firm Performance of Tyre Dealers in Nairobi County, Kenya. *Kabarak Journal of Research & Innovation*, *13*(4), 1–14.

Ingabire, H., & Irechukwu, E. N. (2022). Generic Competitive Strategies and Organizational Performance in Manufacturing Industries in Rwanda: A Case of Sulfo Industries Ltd. *Journal of Strategic Management*, *6*(1), 9–25.

Islami, X., Mustafa, N., & Latkovikj, M. (2020). Linking Porter's generic strategies to firm performance. *Future Business Journal*, *6*(1), 1–15.

Kamau, S. M. (2013). *Competitive strategies adopted by private Universities in Kenya* (Doctoral dissertation, University of Nairobi).

Kaplan, R., & Norton, D. (1992). The balanced scorecard—measures that drive performance. *Harvard Business Review*, *1–2*(1), 107–121.

Li, P., Li, L., Xie, Y., & Zhang, X. (2021). Investigating the effects of market segmentation on firm survival and their heterogeneities in China. *Growth and Change*, *52*(4), 2614–2634.

Murage, D. (2011). *The competitive strategies in the petroleum industry*. Unpublished MBA project, Nairobi: Kenya Methodist University.

Ngo, Q. H. (2023). The effectiveness of strategic alignment between open innovation and generic strategies: Empirical evidence from restaurant Firms in Vietnam. *Journal of Open Innovation: Technology, Market, and Complexity*, *9*(1), 100016. Retrieved March 22, 2025, from https://doi.org/10.1016/J.JOITMC.2023.100016

Nyaramba, J., & Thuranira, M. (2023). *Nurturing Small Businesses in Kenya*. Retrieved March 10, 2025, from https://kippra.or.ke/14355-2/

Porter, M. (1980). *Competitive Strategy*. New York, NY: Free Press.

PriceWaterhouseCoopers. (2023). *FinTech in Kenya: Towards enhanced funding and investment*.

Schindler, P. S. (2022). *Business Research Methods* (14th ed.). McGraw-Hill Education.

Shalom, B. (2023). Fintech: Growth and Challenges in Kenya. *SSRN Electronic Journal*. Retrieved March 25, 2025, https://doi.org/10.2139/SSRN.4497256

Tawse, A., & Tabesh, P. (2023). Thirty years with the balanced scorecard: What we have learned. *Business Horizons*, *66*(1), 123–132.

Tweneboah-Koduah, E. Y., Anning-Dorson, T., & Nyamekye, M. B. (2020). Impact of customization and innovation on hospitality firms' performance. *Journal of Hospitality Marketing & Management*, *29*(1), 106–120.

Venkatraman, N., & Camillus, J. C. (1984). Exploring the Concept of "Fit" in Strategic Management. *The Academy of Management Review*, *9*(3), 513-522.

Wijaya, R., Yadewani, D., & Kurniati, K. (2022). The Effect of Human Resource Skills and Capabilities on SMEs Performance. *International Journal of Islamic Business and Management Review*, *2*(1), 59–68.

Yasar, F. (2010). Competitive strategies and firm performance: case study on Gaziantep carpeting sector. *Mustafa Kemal University Journal of Social Sciences Institute*, *7*(14), 309 – 324.