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Cost Leadership Strategy Implementation and Organizational Performance of Financial Technology Firms in Kenya

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Abstract

The purpose of this study was to analyze the influence of cost leadership strategy implementation on organizational performance of financial technology (Fintech) firms in Kenya. The study was anchored on Porter's competitive advantage theory. Positivism research philosophy and a descriptive survey research design were used. The study population was 120 financial technology firms in Kenya, from which a sample of 276 managers was obtained based on 92 selected firms. Primary data was collected from the managers using a structured questionnaire. Descriptive statistics and inferential statistics were used to analyze the data collected. The findings established that cost leadership strategy implementation has a statistically significant and positive influence on the organizational performance in the fintech firms in Kenya ($\beta = 0.551$, $t = 10.157$, $p < 0.05$). The study concluded that the implementation of a cost leadership strategy enhances the organizational performance of financial technology firms. The study recommends that financial technology firms should invest in advanced technologies such as artificial intelligence and machine learning to ensure efficiency. For regulatory agencies and policymakers like Central Bank of Kenya, the study recommends that fintech firms ensure compliance with financial regulations to avoid legal penalties that could increase operational costs. Fintech companies should also foster an environment that encourages creative problem-solving and continuous improvement. Considering the scope limitations of this study, the study recommends that future research extend to other sectors and regions to compare effects, and emphasize the value of longitudinal studies to track strategic impacts over time.

Keywords: Cost leadership strategy, Financial technology firms, Organizational performance.

Introduction

Organizational performance has gained heightened significance in the advent of a fast-paced and highly competitive corporate environment (Thu & Xuan, 2023). Organization performance is considered as a measure of how effectively an organization meets its goals and objectives, typically defined by various metrics such as productivity, profitability, efficiency, and employee satisfaction. It encompasses both financial and non-financial aspects, including the quality of products or services, customer satisfaction, and the ability to innovate (Liu et al., 2021). Attaining organizational performance through increasing revenues, profitability, customer satisfaction, productivity, employee engagement, efficiency, innovation, and environmental impact, among others, is the fundamental basis of a successful

organization and crucial for establishing sustainable competitive advantage (Serrasqueiro & Nunes, 2023). Organizational performance is crucial for several reasons including enabling a firm to measure how effectively it meets its objectives, ensuring alignment with its mission and vision (Ingabire & Irechukwu, 2022). Additionally, high organizational performance often indicates efficient use of resources, including human, financial, and technological assets, leading to cost savings and improved sustainability (Islami et al., 2020).

Organizations that consistently perform well can differentiate themselves in the market, attracting customers, talent, and investors. High-performing organizations often have a motivated workforce, leading to increased productivity and lower turnover rates, with organizations that prioritize performance often better positioned to adapt to market changes, innovate, and pursue growth opportunities (Allen & Helms, 2021). Organizational performance is essential for a firm and it is therefore critical for every firm to measure and monitor its performance over time and in relation to competition (Wijaya et al., 2022). Measuring organizational performance can be approached through various metrics and frameworks such as using key performance indicators (KPIs), financial metrics, stakeholder surveys, benchmarking, return on investment (ROI) and the balanced scorecard (BSC) among others (Tawse & Tabesh, 2023). The BSC was used to measure organizational performance in this study. Balanced scorecard (BSC) is a strategic planning and management instrument that assists organizations in aligning their operations with their purpose and vision. It measures organizational performance across four dimensions: customer, financial, internal processes, and learning and development (Kaplan & Norton, 1992).

Effective strategy implementation depicts how a well thought out plan is turned into actual results thus it's considered as a broad approach that a firm uses to establish its position within an industry (Ingabire & Irechukwu, 2022). Porter (1980) developed the notion of generic strategies and posited that in ensuring long-term performance, an organization must make a strategic choice among existing generic strategies rather than end up being "stuck in the middle". The three generic strategy choices include cost leadership, differentiation and focus. The cost leadership strategy focuses on providing standardized products at a significantly reduced cost per unit, targeting price-sensitive customers (Acquaah & Agyapong, 2020). Acquaah (2021) posits that a cost leadership strategy is where an organization aims to achieve a competitive advantage by lowering its costs below those of its competitors. Cost leadership entails efficiency, mass production, and competitive pricing. Efficiency refers to an organization's capacity to minimize waste in time, effort, and resources while maintaining a high standard of service or product (Khan et al., 2021). Mass production is the process of producing a high volume of uniform items, often using assembly lines or automated machinery. Competitive pricing is a marketing strategy in which firms determine their prices depending on the prices established by their rivals. This technique is applied to attract more consumers and expand market share (Farhikhteh et al., 2020).

The context of the current study was financial technology (fintech) firms in Kenya. Fintech firms in Kenya play a crucial role in promoting financial inclusion, which may significantly contribute to economic development, poverty reduction, and the narrowing of income disparities (PriceWaterhouseCoopers, 2023). However, the firms are ill-equipped to confront the challenges of disruptions, competition from bigger, more established firms, and globalization, and thus most struggle for performance and competitiveness. From a baseline study undertaken by The Kenya Institute for Public Policy Research and Analysis (KIPPRA), there is a high rate of failure and stagnation among many financial technology firms and only 31% of the firms are expanding (Nyaramba & Thuranira, 2023). Besides, the survey

determined that 58% of firms have stagnated in terms of customer numbers and most firms are very likely to close in their first three years of operation. To flourish, firms in the fintech sector need to effectively implement the ideal strategy that integrates their resource base, and the competitive intensity of their industry to take advantage of the interventions by government and development organizations (Shalom, 2023). Due to the economic significance of fintech firms in Kenya, it is important to establish which are the most optimal generic strategies to use for sustained organizational performance.

This research aimed to fill in the contextual, conceptual, and methodological gaps that characterize the few studies undertaken on cost leadership strategy implementation and organizational performance. Kinyuira (2014), Gatimu and Amuhaya (2022), and Imbwaga (2023) for instance were not conducted among the fintech firms in Kenya. The study by Gatimu and Amuhaya (2022) examined the effect of competitive strategies on the performance of small and medium enterprises (SMEs) in Kiambu County, Kenya. While the study established that the implementation of generic strategies positively influenced customer satisfaction, it only focused on the customer perspective. The current study includes financial, learning and growth perspectives in measuring organizational performance. The study by Imbwaga (2023) investigated the effect of Porter's generic strategies on firm performance of tire dealers in Nairobi County, Kenya and found that use of cost leadership had positive effect on performance but did not measure performance using the BSC. Considering the extant empirical studies, there was a dearth of empirical literature about the implementation of cost leadership strategy and organizational performance of fintech firms in Kenya.

Literature Review

Besides providing empirical research pertinent to cost leadership strategy implementation and organizational performance, this section covers a discussion of the theoretical and conceptual literature. The study was anchored on the Porter's competitive advantage theory which offers important theoretical and conceptual perspectives that support the core ideas of cost leadership theory and how it can influence organizational performance (Porter, 1985).

Theoretical Review

This study was anchored on the competitive advantage theory by Porter (1985) which explains how implementation of cost leadership generic strategy can enable a firm to achieve competitive advantage relative to its rivals. Porter's competitive advantage theory states that strategy can target either cost leadership, differentiation, or focus and that a firm must only choose one of the three strategies or risk wasting precious resources (Porter, 1985). The cost leadership strategy, in particular, involves becoming the lowest-cost producer in the industry, allowing the firm to offer lower prices than competitors or maintain average prices with higher profit margins (Tessarolo et al., 2023). This cost efficiency enhances competitiveness and market share, leading to improved overall performance. By minimizing operational costs through economies of scale, efficient production, and tight cost controls, organizations can sustain profitability even in highly competitive or price-sensitive markets, thereby strengthening their long-term performance (Awais et al., 2023).

Conceptual Framework

The study hypothesizes that cost leadership strategy implementation can have an influence on organizational performance of fintech firms in Kenya. Cost leadership strategy was measured by efficiency, mass production and competitive pricing. Acordding to Dahunsi and Soetan (2022), efficiency refers to the implementation of initiatives aimed at maximizing business output while minimizing resource use, time, and financial costs. Mass production process creates a significant number of standardized items, often with assembly lines or automation technologies (Farhikhteh et al., 2020). When production expenses are reduced, the firm is able to provide customers with value and this enables the firm to attain high customer satisfaction. Competitive pricing enables firms to choose their prices by considering the prices established by their rivals. It involves strategically determining price points that maximize the benefit of a product or service relative to the competitors within the market thus attracting more customers (Ingabire & Irechukwu, 2022). Competitive pricing can attract new customers and enable the firm to retain existing customers and gain market share.

The dependent variable was organizational performance which was measured using the BSC. There are various BSC perspectives that comprise financial, customer, internal processes and learning, and growth that were used in this study. The financial perspective focuses on financial performance and profitability. The common metrics used include revenue growth, profit margins, return on investment (ROI), and cash flow (Biazzo & Garengo, 2012). This perspective seeks to determine how the company performs for the shareholders' perspective. The customer perspective measures customer satisfaction and market share. According to Tawse and Tabesh (2023), the common metrics include customer satisfaction scores, customer retention, acquisition rates, and market share. The internal business processes perspective focuses on improving internal processes that create value for customers. The common metrics include operational efficiency, cycle time, quality control, and innovation rates (Benková et al., 2020). The learning and growth perspective focuses on developing a culture of continuous improvement and innovation. The common metrics comprise employee training, skill development, knowledge management, and employee satisfaction (Quezada et al., 2019). The conceptual framework is graphically displayed in Figure 1.

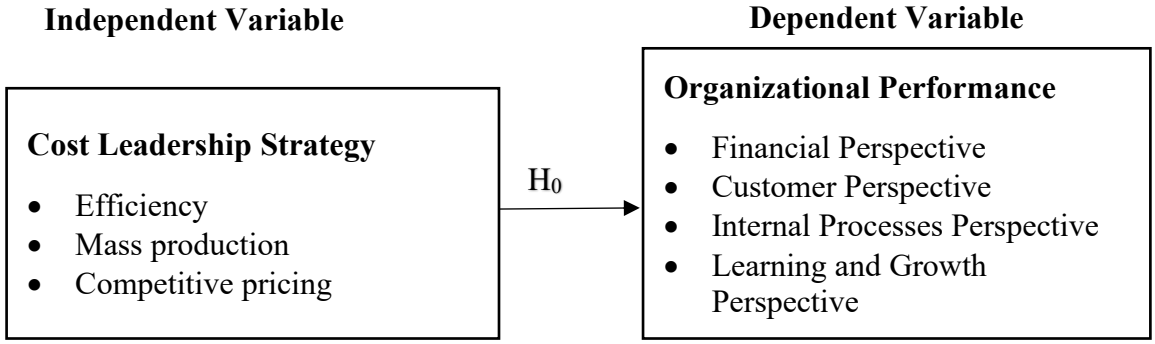

Figure 1: Conceptual Model

This conceptual framework led to the study hypothesis;

H_0: Cost leadership strategy implementation has no significant influence on organizational performance of financial technology firms in Kenya.

Empirical Review

The cost leadership strategy through its focus on efficiency is important for business performance and competitive advantage in various industries (Tanwar, 2023). This hypothesis

was examined by Islami et al. (2020) who demonstrated the impact of Porter's low-cost strategy on business performance. The study used a descriptive research design and data was gathered using a questionnaire which was generated, answered collected, and an econometric model developed to quantify the associations. The findings were derived from data collected from 113 commercial enterprises operating in the Republic of Kosovo. T-test, Pearson's correlation analysis, and multivariate regression analysis were used to test hypotheses. Econometric findings indicated that following a low-cost strategy that focusses on efficiency has a beneficial effect on firm performance. The study, however, left a conceptual gap as it did not include competitive pricing as a parameter. Besides, the study was undertaken in Europe amongst commercial enterprises, whereas the current study was undertaken in Kenya among fintech firms.

Past studies have shown a strong correlation between low-cost production and operations methods and organizational financial performance in different situations, but the specific reasons for this relationship are not well illustrated (Chaganti et al., 2021). The research by Salah et al. (2023) investigated how mass production and operations management practices influence customer-focused performance in manufacturing companies. The study used mass production and standardization as parameters to measure low-cost production and operations management practices. The research used a quantitative research approach with a population of 209 managers from Jordanian manufacturing enterprises. Analysis of data was done through structural equation modeling (SEM). The findings validated a strong and meaningful connection between mass production and standardization and organizational and organizational performance. The study however left conceptual gaps as it did not include efficiency as a measure of cost leadership which the current study considers.

A study by Buer et al. (2021) examined the connection between lean manufacturing, mass production, factory digitalization, and operational performance in manufacturing organizations by analyzing data from a cross-sectional survey. The research used empirical data gathered from Norwegian manufacturing firms. The original sample included 212 Norwegian manufacturing enterprises from all industries and sizes. The analytic method used was hierarchical multiple regression. It was found that mass production, lean manufacturing and factory digitalization both independently enhance operational performance. Moreover, when taken in conjunction, they have a synergistic impact that surpasses the sum of their separate benefits. The study results provide theoretical and practical insights into the impact of mass production on the operational performance of manufacturing companies but this left a contextual gap as this study was undertaken in a developed country and not a developing country like Kenya.

A study in Nigeria by Dahunsi and Soetan (2022) analyzed the cost leadership of manufacturing enterprises in Nigeria and its impact on company performance using firm-level data from 2001 to 2017. The research used variables including efficiency in the use of capital, labor, total overhead inputs, technical efficiency scores, and firm profitability. The study utilized stochastic frontier analysis (SFA) to calculate technical efficiency scores and employed System-GMM to investigate the impact of technical efficiency on firm performance in quoted manufacturing firms within the consumer (food, beverages, and tobacco), industrial, and health (pharmaceutical) sectors in Nigeria. The study findings depicted that 29% of the discrepancy between observed and ideal outputs in manufacturing enterprises is due to inefficiency. This research demonstrated that the technical efficiency variable positively impacts manufacturing business performance in Nigeria. The study, however, left a contextual gap as it was conducted in Nigeria and not in Kenya where the current study was undertaken.

In assessing the value of competitive pricing on performance, Gatimu and Amuhaya (2022) investigated the impact of cost leadership strategy on the performance of firms in Kiambu County, Kenya. The study employed a descriptive research design, focusing on 889 firms across various sectors. The data was gathered using a questionnaire and then analyzed utilizing correlational and regression analytic techniques. The study's results determined that competitive pricing strategy had a significant influence on the performance of firms in Kiambu County. The findings from this study agree with the findings by George (2010) who studied the relationship between competitive strategies such as competitive pricing and firm performance in the mobile telephony industry in the Kenyan context. The findings showed that Safaricom Kenya employs several strategies including cost reduction, targeting specific market segments and providing specialty products and services. These two studies leave a contextual gap as they were not undertaken on FinTech Firms which the current study focused on.

The study by Misango and Kasongo (2019) determined that competitive pricing did not have any significant influence on the performance of cement manufacturing companies in Kenya. However, these findings contradicted the findings by Ingabire and Irechukwu (2022) who evaluated the role played by competitive pricing on organizational performance in Rwanda. The study was a case study of Sulfo Industries Ltd and used descriptive research methods in both quantitative and qualitative approaches. A sample of 100 respondents was picked from a target population of 135. The researcher used simple random sampling and analyzed the data using Statistical Package for Social Science version 21. The study findings established that Sulfo Industry achieved the required performance through competitive pricing. The study, however, left a methodological gap as it was a case study whereas the current study was a survey of fintech firms in Kenya.

Methodology

This study employed the positivism research philosophy, which advocates for the formulation and testing of hypotheses, systematic collection of data, quantitative data analysis and the development of an analytical framework. This approach aligns with the philosophical perspective of natural sciences and involves studying observable social phenomena to generate universally applicable generalizations (Schindler, 2022). The study utilized a descriptive research design, which was the most suitable for establishing the effect of cost leadership strategy on organizational performance. The population for this study was 120 fintech firms in Kenya (Fintech Association of Kenya, 2024). The sampling frame for this study constituted fintech firms in Kenya and was obtained from the Central Bank of Kenya and Fintech Association of Kenya data.

A sample of 92 firms for this study was identified using a stratified sampling technique where the fintech firms were divided into different strata based on the size of the firm (small, medium, or large) and then proportionately assigned the sample to the strata to determine the sample size for each stratum. In total, 276 respondents were sampled to take part in the study. Data was collected using a structured questionnaire that was distributed through the electronic administration technique (Google Forms) and the drop-and-pick technique. The administration targeted three senior employees in marketing, operations and finance and administered the questionnaire at their places of work. A pilot study was undertaken to assess the questionnaire's reliability and validity before its use in gathering data. The collected data was analyzed using descriptive statistics, including measures such as means, standard deviations, percentages, and frequencies. Additionally, simple linear regression analysis was conducted to test the influence

of cost leadership strategy implementation on organizational performance. Tables were employed to visually display and present the findings.

Findings

The results include the research participants' demographics, the descriptive findings of cost leadership strategy and organizational performance, and the simple linear regression results of the effect of cost leadership strategy on organizational performance.

Demographic Characteristics

Two hundred and seventy-six participants made up the study sample and 239 of them responded, for an acceptable response rate of 86.6%. The findings showed that most of the respondents (56.5%) indicated that their fintech firms had been operational for a period between six and 10 years and only 5% of the respondents indicated that their fintech firm had been operational for a period of 11 to 20 years. The findings determined that 47.7% indicated that their fintech firms had between 50 and 100 employees with 2.9% indicating that their fintech firms had more than 200 employees. Regarding geographical scopes, the study findings portrayed that 61.9% of the respondents indicated that their fintech firms had operations only in Kenya with 2.9% indicating that their fintech firms 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 an above average mean score of organizational performance (M=4.10, SD =0.627) implying that generally, respondents agreed with the statements. Besides, the low standard deviation was implied that there was a low dispersion of responses from the mean.

Descriptive Analysis for Cost Leadership Strategy

The study used three constructs that comprised efficiency, mass production and competitive pricing to measure implementation of cost leadership 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 Cost leadership Strategy Implementation

Efficiency	**Mean**	**Std. Deviation**
This organization focusses on lowering cost of its products and processes	4.06	.598
This firm delivers financial services at a lower cost compared to competitors	4.03	.562
The company focusses on reducing administrative costs	4.04	.534
This firm has always focused on enhancing speed of service delivery to its clients	4.00	.578
Mass production		
This organization seeks to provide standardized services to the market	3.97	.571
The company uses technology to automate repetitive work processes	4.16	.576
The company seeks to have high rates of output at low unit cost	4.09	.575
There is standardization of processes where issues are dealt with in a consistent way	4.06	.583
Competitive Pricing		
This company sets its prices based on the competitors' prices	3.89	.506
This company incorporates discount strategies to attract more clients	4.18	.624

This company analyzes and speedily reacts to pricing changes by competitors	4.22	.526
The prices of this firm's products are constantly adjusted in real-time based on changing market dynamics and needs	4.18	.602
Average	**4.07**	**0.570**

The statements on cost leadership strategy implementation by the fintech firms had results of (M=4.07, SD=0.570) indicating that the respondents largely agreed with the statements. Additionally, the averagely low standard deviation indicating that there was a 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 cost leadership strategy on organizational performance of fintech firms in Kenya. The model had organizational performance as the dependent variable against cost leadership strategy. The study findings in Table 3 show that the R-square for the relationship between cost leadership strategy implementation and organizational performance of financial technology firms in Kenya was 0.303. This indicates that cost leadership strategy implementation can explain 30.3% of the change in organizational performance of financial technology firms in Kenya.

Table 3: Model Summary for Cost Leadership Strategy on Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.551[a]	.303	.300	.34898

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

Additionally, the ANOVA test was performed to assess the significance of the model with results as summarized in Table 4. The research findings portray that the model was statistically significant as indicated by the significance of the f value ($F = 103.173$, $p < 0.05$). This implies that the model fits the data well.

Table 4: ANOVA for Cost Leadership Strategy on Organizational Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.565	1	12.565	103.173	.000[b]
	Residual	28.863	237	.122		
	Total	41.428	238			

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

Further, the study assessed the significance of cost leadership strategy implementation in influencing organizational performance of financial technology firms in Kenya. The study results are presented in Table 5. The findings show that when there is cost leadership strategy implementation by fintech firms, organizational performance in the fintech firms in Kenya was rated as 1.136 on a scale of 1 to 5 (constant = 1.136). The findings also depict that cost leadership strategy implementation has a statistically significant and positive influence on the organizational performance in the fintech firms in Kenya ($\beta = 0.551$, $t = 10.157$, $p < 0.05$). These findings show that when cost leadership strategy implementation by fintech firms is improved by one unit, organizational performance in the fintech firms in Kenya is expected to increase by 0.551. Besides, cost leadership strategy implementation has a statistically significant influence on team performance since the p value is less than 0.05 and the t statistic

is greater than 1.96. The findings resulted in rejection of the null hypothesis that cost leadership strategy implementation has no significant effect on organizational performance of financial technology firms in Kenya.

Table 5: Regression Coefficients for Cost Leadership Strategy on Organizational Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.136	.314		3.617	.000
	Cost Leadership Strategy	.736	.072	.551	10.157	.000

a. Dependent Variable: Organizational performance

From the results in Table 5, the regression model is:

$$\text{Organizational Performance} = 1.136 + 0.551\ (\text{Cost Leadership Strategy})$$

Discussion

The findings determined that cost leadership strategy implementation has a statistically significant and positive influence on the organizational performance in the fintech firms in Kenya. The findings of the study align with Porter's (1985) competitive advantage theory, which emphasizes how firms can achieve a competitive edge through three generic strategies: cost leadership, differentiation, and focus. In this study, the emphasis was on cost leadership, and the results support Porter's argument that firms pursuing a clear and well-implemented competitive strategy can achieve superior organizational performance. the findings further support the existing literature that underscores the role of cost leadership in enhancing firm performance by leveraging efficiency, mass production, and competitive pricing. The results are consistent with Hussein and Muchemi (2019) who emphasized that cost leadership does not necessarily mean achieving the lowest possible costs but rather sustaining a cost advantage over competitors. Besides, Cao et al. (2020) assert that cost advantage stems from an organization's ability to produce or distribute products and services at a lower cost than competitors. The study's findings reinforce this claim, as fintech firms that focused on efficiency experienced significant performance improvements. The work of Islami et al. (2020) further supports this assertion, showing that efficiency-driven cost leadership positively impacts firm performance.

The findings from this study on the positive link between cost leadership strategy and organizational performance agree with the findings by Dahunsi and Soetan (2022) in Nigeria and Tehrani (2003) in the U.S. and European Union which illustrate that the effectiveness of cost leadership strategies varies by industry and region. The current study adds to this body of knowledge by demonstrating that cost leadership significantly contributes to fintech firm performance in Kenya. This is a key contribution, as prior research in other contexts, such as Salah et al. (2023) and Buer et al. (2021), primarily focused on manufacturing sectors, leaving a gap in the fintech industry. The positive impact of cost leadership on organizational performance also aligns with findings by Gatimu and Amuhaya (2022), who established that competitive pricing significantly enhances firm performance in Kenya. Similarly, Valipour et al. (2012) found that implementing a cost leadership strategy leads to increased Return on Assets (ROA), supporting the current study's findings. However, Misango and Kasongo (2019) found no significant impact of competitive pricing on cement manufacturing companies, highlighting the potential sector-specific nature of cost leadership's impact.

Conclusions

The study determined that cost leadership strategy implementation has a statistically significant and positive influence on the organizational performance in the fintech firms in Kenya. The study therefore concludes that the implementation of a cost leadership strategy has a significant and positive impact on the organizational performance of fintech firms in Kenya. Specifically, fintech companies have successfully reduced costs through efficient processes, standardized services, and the use of technology for automation. Their ability to quickly adapt to market trends, adjust pricing strategies, and streamline operations has contributed to their overall performance. The strong implementation of cost leadership strategies underscores their effectiveness in driving organizational performance in Kenya's fintech sector. This study contributes to the existing body of knowledge by empirically demonstrating that fintech companies can achieve competitive advantage and superior performance by focusing on cost reduction through process efficiency, service standardization, and technological automation.

Recommendations

The study recommends that fintech firms should enhance cost efficiency measures by continuously optimizing operational processes to reduce costs without compromising service quality. Fintech firms should also invest in advanced technologies such as artificial intelligence and machine learning to further automate repetitive tasks and regularly review and minimize administrative expenses while maintaining efficiency. Besides, the management in the fintech firms should standardize more fintech services to increase scalability and reduce per-unit costs and expand automation efforts to streamline workflows and improve turnaround times. They should additionally implement process reengineering techniques to improve service consistency and reliability. The study recommends that policymakers, including the Central Bank of Kenya (CBK), ensure adherence to financial regulations to prevent legal penalties that may raise operational costs. Additionally, these policymakers should develop and implement policies aimed at strengthening cybersecurity measures to mitigate financial losses caused by data breaches.

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