

**INFLUENCE OF SELECTED STRATEGIC LEADERSHIP PRACTICES ON
THE PERFORMANCE OF FINTECH FIRMS IN NAIROBI CITY COUNTY,
KENYA**

NABURUKI SOPHIE JERUTO

**A Project Submitted to the Institute of Postgraduate Studies of Kabarak University
in Partial Fulfilment of the Requirements for the Award of Master of Business
Administration (Strategic Management) Degree**

KABARAK UNIVERSITY

NOVEMBER, 2024

DECLARATION

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 - i This project is my work and to the best of my knowledge, it has not been presented for the award of a degree in any university or college.
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RECOMMEDATIONS

To the Institute of Postgraduate Studies:

The research project entitled “**Influence of Selected Strategic Leadership Practices on Performance of FINTECH Firms in Nairobi City County, Kenya**” written by **Naburuki Sophie Jeruto** is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed the research project and recommend it be accepted in partial fulfilment of the requirement for award of the degree of Master of Business Administration (Strategic Management).

Signed:_____

Date:_____

Prof. Simon Kipchumba,
School of Business and Economics,
Kabarak University

Signed:_____

Date:_____

Dr. Nehemiah Kiplagat,
Senior Lecturer, School of Business and Economics,
Kabarak University

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DEDICATION

To my family, who have always believed in me and have instilled in me the value of hard work and dedication, thank you for being my role models and for always pushing me to be my best self. To my siblings, thank you for being my confidants and for always being there for me, no matter what.

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ABSTRACT

This study investigated the influence of strategic leadership practices on the performance of FINTECH firms operating in the dynamic environment of Nairobi City County, Kenya. Facing challenges such as intense competition from established key players, regulatory hurdles including new Central Bank of Kenya regulations, and technological disruptions, these firms require effective leadership strategies to thrive. The general objective of this study was to explore the influence of selected strategic leadership practices on the organizational performance of FINTECH firms operating in Nairobi City County, Kenya and particularly examining the influence of strategic direction, balanced controls, organizational culture, and firm's resources on performance. Employing a predictive research design, the study targeted 154 senior and middle-level managers from twenty two FINTECH firms in Nairobi City County. With a sample of 111 determined using the Taro Yamane formula a response rate of 82.88% was achieved. Data was collected using structured questionnaires, which were piloted in Nakuru County to ensure reliability and validity. The overall Cronbach's alpha for the study was 0.797, indicating high reliability. Data was analysed using descriptive statistics, correlation analysis, and multiple linear regression, further diagnostic tests for normality and multicollinearity was tested and revealed that all four strategic leadership practices significantly and positively influenced organizational performance. The regression model explained 68.5% of the variance in performance ($R^2 = 0.685$), with strategic direction showing the strongest influence ($\beta=0.890$, $p=0.01 < 0.05$), followed by balanced controls ($\beta=0.753$, $p < .05$), organizational culture ($\beta=0.496$, $p < .05$), and firm's resources ($\beta=0.330$, $p < .05$). The study concluded that these practices are crucial for FINTECH firms' success in Nairobi's dynamic environment and provided recommendations for their enhancement, including prioritizing clear strategic direction, implementing robust control mechanisms, fostering supportive organizational cultures, and optimizing resource management. The study recommends that future research should explore the impact of external factors such as regulatory changes and market trends, conducting longitudinal studies on the evolving relationship between strategic leadership and performance, and examining how firms adapt their leadership practices in response to rapid technological advancements and changing consumer behaviours in the digital finance landscape.

Keywords: *Balanced Controls, Organizational Culture, Firm's Resources, Organizational, Strategic Direction*

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ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
CEOS	Chief Executive Officers
DOPU	Drop Off and Pick Up
KENHA	Kenya National Highways Authority
MSES	Micro And Small Enterprises
NACOSTI	National Commission of Science, Technology and Innovation
NGOS	Non-Governmental Organizations
ORCID	Open Researcher and Contributor Id
OCI	Organizational Culture Indicator
RBT	Resource Based Theory
SPSS	Statistical Package for The Social Sciences
SHRM	Strategic Human Resource Management
VRIN	Valuable, Rare, Inimitable, And Non-Substituable
FINTECH	Financial Technology

CONCEPTUAL AND OPERATIONAL DEFINITION OF TERMS

Organizational Culture: Organizational culture refers to the values, beliefs, and behaviours that shape how employees interact with one another and with their clients (Al-hawajreh *et al.*, 2023). This study adopted this definition.

FINTECH Firms: Financial technology (FINTECH) organizations are entities that operate at the intersection of finance and technology, offering innovative solutions that use technology to enhance financial services (Bartolacci *et al.*, 2022). This study adopted this definition.

Firm's Resources: Firm's resources involve the allocation, utilization, budgeting, and optimization of resources (Bartolacci *et al.*, 2022). This study adopted this definition.

Organizational Performance: Organizational performance can be defined as the extent to which an organization creates value for its stakeholders (Ingasia & Muchelule, 2023). This study adopted this definition.

Start Up: A start up, in the context of this study, can be defined as a newly established FINTECH company that is in the early stages of development and growth (Ingasia & Muchelule, 2023). This study adopted this definition.

Strategic Direction: Strategic direction involves setting goals, identifying opportunities, allocating resources, and establishing direction (Al-hawajreh *et al.*, 2023). This study adopted this definition.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Financial technology (FINTECH) organizations are entities that operate at the intersection of finance and technology, offering innovative solutions that use technology to enhance financial services (Bartolacci *et al.*, 2022). The FINTECH sector is a rapidly growing industry that is changing the way people and businesses manage their finances. FINTECH firms include payment processors, mobile banking services, investment platforms, and crypto currency exchanges, among others. These organizations often use technology to disrupt traditional financial institutions by providing faster, more accessible, and more convenient financial services to customers (Suharti & Ardiansyah, 2020). FINTECH firms have become increasingly important within the global economy as they offer new, innovative ways for individuals and businesses to manage their finances. The growth of FINTECH companies has been driven by several factors (Baftijari & Nakov, 2021). Firstly, FINTECH companies can provide financial services to people who previously lacked access to traditional banking systems. By offering innovative, cost-effective solutions, FINTECH companies are driving financial inclusion and promoting economic growth. Secondly, FINTECH firms can provide cost-effective solutions to traditional financial services, making it easier and cheaper for individuals and businesses to manage their finances (Guang-Wen & Siddik, 2022). This has helped to level the playing field for small businesses and individuals, who previously lacked access to sophisticated financial services.

However, the FINTECH sector is not without performance challenges. FINTECH organizations exist within the context of a dynamic environment. Dynamic environment refers to the environment that is characterised by Volatility, Uncertainty, Complexity,

and Ambiguity, their business environment is characterized by rapid changes, high uncertainty, and unpredictable outcomes. FINTECH firms are particularly susceptible to the challenges of a dynamic environment as their operations often rely heavily on technology, which can quickly become outdated or vulnerable to cyber-attacks (Pramjeeth & Mutambara, 2022). This can make it difficult for FINTECH companies to stay ahead of the curve and remain competitive in an ever-changing landscape.

The concept of a dynamic environment has become increasingly relevant in recent years, as businesses around the world are forced to contend with rapid changes and high levels of uncertainty. The dynamic environment is characterized by four key factors: volatility, uncertainty, complexity, and ambiguity (Chawla & Lenka, 2018). Volatility refers to the rapid and unpredictable changes that can occur in the business environment. Uncertainty refers to a lack of predictability and a high degree of risk associated with decision-making. Complexity refers to the interdependent and multi-layered factors that impact business operations. Ambiguity refers to a lack of clarity or understanding of the business environment (Santoso *et al.*, 2020).

Organizational performance is a broad term that refers to the overall effectiveness and success of an organization in achieving its goals and objectives. Organizational performance can be defined in many ways, but broadly, it refers to the ability of an organization to meet the expectations of its stakeholders, including customers, investors, employees, and regulators.

Organizational performance is the extent to which an organization achieves its strategic goals and objectives (Wijaya, 2023). This definition focuses on the achievement of specific targets and the overall effectiveness of the organization in delivering on its strategic plan. Another definition of organizational performance is the level of efficiency with which an organization uses its resources (Ahmed *et al.*, 2023). This definition is

focused on the efficient use of resources, including financial, human, and physical resources, to achieve organizational objectives. Organizational performance can be measured using a range of indicators. One of the most commonly used indicators of organizational performance is financial performance. Financial performance is typically measured using metrics such as revenue growth, profitability, and return on investment (Amidi & Ghalavandi, 2023). However, financial performance is not the only indicator of organizational performance. Other indicators include customer satisfaction, employee engagement, market share, and brand reputation.

FINTECH organizations face numerous challenges when it comes to achieving optimal organizational performance. One of the key challenges facing FINTECH organizations is regulatory challenges (Loesch, 2018; Rupeika-Apoga & Wendt, 2022). FINTECH firms operate in a highly regulated environment, and navigating the regulatory landscape can be complex and challenging. Regulatory requirements can change quickly, and FINTECH firms must be able to respond quickly to new regulations and changes in the regulatory environment (Truby, 2020).

Governments and regulatory bodies may change their positions on issues related to FINTECH, and firms must be able to adapt to these changes (Fáykiss *et al.*, 2018). This can be particularly challenging where the business environment is highly uncertain and unpredictable. Shifting market positions is another challenge facing FINTECH firms. FINTECH is a highly competitive industry, and firms must be able to adapt quickly to changes in the market (Vezzoso, 2018). New competitors can enter the market quickly, and existing players may shift their positions in response to changes in customer demand or other market factors. Hyper competitiveness is another challenge facing FINTECH firms. The ease of entry into the FINTECH market means that competition can be intense, with many new players entering the market on a regular basis. FINTECH firms

must be able to differentiate themselves from their competitors and develop unique value propositions that attract and retain customers. New market entry is another challenge facing FINTECH firms(Tseng & Guo, 2022). As the FINTECH industry continues to grow, new players are entering the market from a wide range of industries. These new entrants can disrupt existing business models and challenge established players in the market. FINTECH firms must be able to respond quickly to new market entrants and develop strategies to maintain their market position (Suprun *et al.*, 2020).

Achieving optimal organizational performance requires firms to navigate a range of challenges, including regulatory challenges, changing regulatory positions, shifting market positions, hyper competitiveness, and new market entry (Xie *et al.*, 2021). FINTECH firms must be able to adapt quickly to changes in the market and regulatory environment, develop unique value propositions, and differentiate themselves from their competitors to achieve optimal organizational performance(Lestari *et al.*, 2020).Strategic leadership practices are crucial for the success of any organization, particularly in the fast-paced and ever-changing environment of the financial technology (FINTECH) industry. Strategic leadership refers to the ability of a leader to set a clear vision, establish goals, make decisions, and allocate resources in a way that aligns with the company's mission and objectives.

Strategic leadership involves the ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate change(Liu *et al.*, 2023). Another definition describes strategic leadership as the process of providing direction, inspiration, and guidance to a group of people to help them achieve their objectives. A third definition defines strategic leadership as the ability to balance a company's long-term goals with its day-to-day operations, while ensuring that the organization adapts to changing conditions (Spain & Woodruff, 2023).

The components of strategic leadership practices include strategic direction, balanced controls, organizational culture, and firm's resources. Strategic direction involves setting goals, identifying opportunities, allocating resources, and establishing direction (Al-hawajreh *et al.*, 2023). This component is essential for FINTECH firms, as it allows them to focus on their core business objectives and prioritize their activities accordingly. The indicators of strategic direction include clear mission and vision statements, well-defined goals, and a strategy for achieving those goals (Mohammed, 2023).

Balanced controls refer to the oversight and monitoring of a company's operations to ensure that it complies with regulations, manages risks effectively, evaluates performance, and maintains a competitive edge. In the context of FINTECH firms, this component is critical because it helps ensure that the company adheres to regulatory requirements and manages risks effectively (Saadi *et al.*, 2023). The indicators of balanced controls include robust risk management procedures, compliance with regulatory requirements, and ongoing performance evaluation. Organizational culture refers to the values, beliefs, and behaviours that shape how employees interact with one another and with their clients. In a FINTECH firm, a strong organizational culture is essential because it fosters teamwork, employee engagement, and clear communication. The indicators of organizational culture include clear communication channels, well-defined values, high employee engagement levels, and a strong sense of teamwork (Alshamsi & Sulaiman, 2023).

Finally, firm's resources involve the allocation, utilization, budgeting, and optimization of resources. This component is critical for FINTECH firms as they often operate in a resource-constrained environment. The indicators of firm's resources include efficient use of resources, effective budgeting and forecasting, and optimization of resources (Al-Othmani, 2023). Each of these strategic components plays a crucial role in the

organizational performance of FINTECH firms. For instance, strategic direction enables firms to focus on their core business objectives, which helps them achieve better outcomes. Balanced controls help firms maintain a competitive edge and stay compliant with regulatory requirements. organizational culture leads to a more engaged and motivated workforce, which ultimately results in higher productivity and better outcomes (Jha *et al.*, 2022). Finally, firm's resources ensure that the firm operates in a resource-efficient manner, which contributes to better financial performance and operational efficiency.

The influence of strategic leadership practices on fintech firm performance has been a subject of extensive research across various countries. In Vietnam, Le (2022) emphasizes the importance of financial literacy and credit information sharing in fintech lending, suggesting that effective leadership can facilitate better customer engagement and service delivery. This aligns with findings from Malaysia, where Peong *et al.* (2021) highlight the importance of understanding customer behavior and preferences for fintech managers to enhance service adoption and satisfaction. Similarly, research from Bangladesh by Tareque and Islam (2023) shows that effective leadership can enhance competitive advantage through emotional intelligence and strategic alignment. These studies collectively underscore the critical role of leadership in shaping customer-centric approaches and fostering competitive advantages in the fintech sector across different Asian markets.

Further research from Asia provides additional insights into the impact of leadership on fintech performance. In China, Liu and You (2023) emphasize the importance of strong leadership in integrating fintech with traditional banking practices. Other Chinese studies by Yi *et al.* (2021) and Yin *et al.* (2022) discuss how CEO leadership and transformational leadership practices foster strategic flexibility and encourage

knowledge diversity within top management teams. These findings highlight the crucial role of leadership in driving innovation, fostering adaptability, and facilitating the integration of fintech solutions with existing financial systems in some of Asia's largest economies.

In Indonesia, Tedyono (2023) identifies adaptive leadership as a critical factor influencing the performance of fintech firms, particularly in rural banking contexts, while Kando and Trinugroho (2022) explore how fintech payment solutions impact bank performance. Moving to Europe, research on fintechs indicates that founders' experience significantly influences performance (Turki, 2023). In the Netherlands, Henderikx and Stoffers (2022) highlight the necessity for leadership to adapt to digital transformations. These studies from diverse geographical contexts emphasize the importance of leadership adaptability, experience, and strategic vision in navigating the complex and rapidly evolving fintech landscape. They also underline the significance of leadership in bridging traditional banking with innovative fintech solutions, a critical aspect of the industry's development and integration into existing financial ecosystems.

Turning to African countries, research demonstrates the significant impact of strategic leadership on fintech performance. In Zambia, Choongo (2023) shows a strong relationship between leadership styles and the growth of fintech start-ups, emphasizing that transformational leadership positively correlates with firm growth in the fintech sector. Research from Tunisia by Litimi (2023) explores the impact of fintech growth on bank performance in the Gulf Cooperation Council region, providing insights into how innovative leadership practices are linked to enhanced performance metrics in fintech firms. These studies highlight the importance of transformational and innovative leadership approaches in driving fintech growth and performance in African markets, which often face unique challenges and opportunities in the financial technology sector.

Kenya, in particular, has been a focus of several studies on strategic leadership in fintech. Kimani (2022) emphasizes that strategic leaders who are adaptable and responsive to market changes can significantly influence organizational performance. Another study by Wakhisi (2021) shows that strategic leadership behaviours positively impact the performance of organizations in Western Kenya, including fintech firms. Research in Nairobi City County by Musyoka (2024) highlights how strategic leadership positively influenced firm performance during the COVID-19 pandemic, necessitating rapid adaptation and strategic pivots. These Kenyan studies collectively underscore the critical role of strategic leadership in navigating market changes, driving organizational performance, and ensuring resilience in the face of unprecedented challenges like the global pandemic. They demonstrate the particular relevance of adaptive and responsive leadership styles in the dynamic fintech landscape of East Africa.

In Kenya, the growth of FINTECH companies has been particularly pronounced in emerging markets, where traditional banking infrastructure is often lacking. (Misati *et al.*, 2020) In countries like Kenya, where mobile banking has become the norm, FINTECH companies are offering innovative solutions that are transforming the financial landscape. For example, mobile money transfer service M-PESA has revolutionized the way people in Kenya transfer money, pay bills, and purchase goods and services. M-PESA, which is run by Safaricom, has over 20 million active users in Kenya and has become an essential part of the country's financial ecosystem (Mochama, 2021). The success of M-PESA has spurred the growth of other FINTECH companies in Kenya and across Africa, as entrepreneurs look to capitalize on the growing demand for innovative financial solutions (Gitonga *et al.*, 2021).

Nairobi is home to a wide range of businesses across sectors such as finance, technology, manufacturing, retail, hospitality, and services. These businesses, ranging from large

corporations to small and medium-sized enterprises, contribute to the city's economic growth and provide employment opportunities for its residents. The adoption of FINTECH solutions has revolutionized business operations in Nairobi, offering a multitude of benefits to enterprises. (Gitonga *et al.*, 2021) One key advantage is enhanced access to financial services. FINTECH platforms and mobile banking solutions have made it easier for businesses in Nairobi to access banking services, manage transactions, and facilitate digital payments. This convenience has streamlined financial operations, improved cash flow management, and accelerated business transactions.

FINTECH has also transformed the lending landscape for Nairobi businesses. Digital lending platforms have emerged, providing quick and efficient access to credit. These platforms leverage technology to assess creditworthiness, simplifying the loan application process and expediting loan disbursements (Mochama, 2021). This has enabled businesses in Nairobi to secure capital for growth, investment, and working capital needs. Furthermore, FINTECH has driven the growth of e-commerce and online marketplaces in Nairobi. Businesses can establish a strong online presence, expand their customer base, and reach consumers beyond their physical locations. This has opened up new market opportunities, increased sales revenue, and facilitated seamless transactions for businesses in Nairobi.

1.2 Statement the Problem

The FINTECH sector in Kenya is experiencing rapid growth, yet firms face significant strategic challenges. A primary concern is the intense competitive landscape, particularly the market dominance of established players. The mobile money sector, exemplified by Safaricom's M-PESA, demonstrates significant market power. Industry analysis reveals that 91% of mobile loan users have utilized M-PESA affiliated products, compared to only 38% for other providers. This market concentration is further quantified by a

Herfindahl-Hirschman Index (HHI) of 1,946 for digital credit products, indicating a moderately concentrated market structure. The strategic implications of this concentration are profound for new entrants and smaller FINTECH firms attempting to gain market share. In terms of product offerings, the average loan size among digital lenders ranges from Kshs 4,034 to Kshs 9,815, with a mean Effective Annual Percentage Rate (APR) of 280.5% and a median of 96.5%. These figures suggest a high-risk, high-return market strategy. However, the sustainability of this model is questionable, given that 77% of mobile loan users reported defaulting on a loan at least once, indicating significant credit risk in the sector (Competition Authority of Kenya, 2021).

The regulatory environment presents another strategic challenge. The Central Bank of Kenya has implemented new regulatory frameworks, including the Digital Credit Providers Regulations 2022 and the Data Protection (General) Regulations, 2021. While these regulations aim to protect consumers, they pose significant strategic implications for FINTECH firms, particularly smaller entities. These new rules may necessitate substantial changes to business models and operational strategies, potentially impacting the viability of some firms in the sector. The strategic response to these regulatory changes will be crucial for the survival and success of FINTECH companies (Central Bank of Kenya, 2021).

Furthermore, FINTECH firms must contend with external environmental factors that affect their market penetration and service delivery. Limited access to technology, particularly in rural areas, creates a digital divide that excludes a significant portion of the potential market. This technological barrier is compounded by low financial literacy among certain demographics, which hinders the adoption and effective utilization of FINTECH products. These challenges are more pronounced in rural areas and among lower-income populations, potentially exacerbating existing financial inequalities. From

a strategic perspective, addressing these barriers is crucial for market expansion and long-term growth (KIPPRA, 2023).

While previous research by Ntwiga (2020), Kiilu (2018), and Kipsang (2020) has explored various aspects of the FINTECH sector in Kenya, there remains a significant gap in understanding the role of strategic leadership in addressing these industry-wide challenges. This study aims to bridge this gap by examining the influence of key strategic management practices on the organizational performance of FINTECH firms in Nairobi City County, Kenya. Specifically, the research will investigate how strategic direction, balanced controls, organizational culture, and management of firm resources impact performance in this dynamic and challenging environment. This analysis will contribute to both the theoretical understanding of strategic management in the FINTECH sector and provide practical insights for industry leaders navigating these complex market conditions.

1.3 Research Objectives of the Study

The objectives of the study were guided by general and specific objectives.

1.3.1 General Objective of the Study

The general objective of this study was to explore the influence of selected strategic leadership practices on the organizational performance of FINTECH firms operating in Nairobi City County, Kenya.

1.3.2 Specific Objectives of the Study

The specific objectives of the study are;

- i. To determine the influence of Strategic Direction on the performance of FINTECH firms in Nairobi City County, Kenya

- ii. To establish the influence of Balanced Controls on the performance of FINTECH firms in Nairobi City County, Kenya.
- iii. To assess the influence of Organizational Culture on the performance of FINTECH firms in Nairobi City County, Kenya.
- iv. To evaluate influence of Firm's Resources on the performance of FINTECH firms in Nairobi City County, Kenya.

1.4 Research Hypotheses

H₀₁: There is no statistically significant influence of strategic direction on the performance of FINTECH firms in Nairobi City County, Kenya.

H₀₂: There is no statistically significant influence of balanced controls on the performance of FINTECH firms in Nairobi City County, Kenya.

H₀₃: There is no statistically significant influence of Organizational culture on the performance of FINTECH firms in Nairobi City County, Kenya.

H₀₄: There is no statistically significant influence of Firm's resources on the performance of FINTECH firms in Nairobi City County, Kenya.

1.5 Justification of the Study

The proposed research aims to investigate the impact of strategic leadership practices on the organizational performance of FINTECH firms operating in a volatile, uncertain, complex, and ambiguous (dynamic environment) environment in Nairobi City County, Kenya. The FINTECH industry in Kenya is facing a number of challenges in meeting the financial needs of micro and small enterprises (MSEs), despite the rapid growth of FINTECH start-ups in the country. The regulatory framework introduced by the Central Bank of Kenya (CBK) poses a significant challenge for FINTECH firms, potentially disrupting their business models and undermining the entire viability of their operations.

Moreover, FINTECH firms face competition from established players such as Safaricom and government initiatives such as the Hustler Fund. In such an environment, strategic leadership practices are crucial for organizational performance of FINTECH firms. The research aims to determine the extent to which determining strategic direction affects performance, examine the impact of balanced controls, investigate the relationship between organizational culture and performance, and analyse the effect of the firm's resources on performance. The findings of this research not only contribute to existing knowledge but also provide useful insights for FINTECH firms operating in Nairobi City County, Kenya. The study was beneficial to targeted stakeholders such as regulators, investors, and entrepreneurs in the FINTECH industry. Given the expense of conducting research in terms of both money and time, it is crucial to establish the relevance of the research at the onset to avoid unnecessary expenses.

1.6 Significance of the Study

The study on strategic leadership practices and their influence on organizational performance of FINTECH firms in Nairobi City County, Kenya, with (volatile, uncertain, complex, and ambiguous) environment holds significant value for various stakeholders such as FINTECH firms, government and policymakers, regulators, investors, and academics. FINTECH firms can leverage the study's insights to develop effective strategies, resource allocation, organizational culture management, and balanced controls. Government and policymakers can use the study's findings to formulate policies and regulations that support FINTECH growth and sustainability, while regulators can apply the knowledge to develop regulatory frameworks that foster innovation, risk mitigation, and consumer protection. Investors can benefit from understanding strategic leadership practices that enhance FINTECH performance, allowing them to make informed investment decisions. Finally, academics can use the study to contribute to the

body of knowledge on strategic leadership practices, providing valuable insights for future research and strategy development.

1.7 Scope of the Study

This research aims to examine the influence of strategic leadership practices on the organizational performance of FINTECH firms in Nairobi City County, Kenya. Nairobi City County serves as the study's geographical focus due to its prominence as a FINTECH innovation hub. The study investigated four independent variables: strategic direction, balanced controls, organizational culture, and management of resources. These variables were used to explore their influence on FINTECH firms' performance and address the challenges faced. The study's time scope is limited to January, 2023 to December, 2023 considering the university requirements for a master's study and constraints related to funding and time availability. A quantitative research design was employed, with data collected via structured questionnaires administered to managers of FINTECH firms in Nairobi City County. The target population for this study consists of managers of FINTECH firms operating in the region.

1.8 Limitations of the Study

This study investigates the influence of strategic leadership practices on FINTECH firms' performance in Nairobi City County, Kenya, but several limitations should be acknowledged. The study's cross-sectional data may not capture changes in strategic leadership practices over time, and the complexity of the dynamic environment might limit the ability to account for all relevant factors. The reliance on self-report measures could introduce bias, but using multiple data sources, such as interviews and observations, can help address this issue.

1.9 Assumptions of the Study

The study assumes that respondents, who are managers of FINTECH firms in Nairobi City County, Kenya, was willing to participate. This willingness stems from their belief that the study's findings could contribute to the development of the FINTECH industry and potentially help improve their firms' performance. Furthermore, it is assumed that respondents provided accurate and honest information when answering questionnaires, participating in interviews, or sharing observations. This assumption relies on the understanding that respondents recognize the study's importance and its potential contribution to the industry. By providing accurate information, the study's findings can be reliable and valid, ultimately leading to more effective strategic leadership practices and better organizational performance for FINTECH firms. Lastly, it is assumed that respondents not be influenced by social desirability bias, acquiescence bias, or other biases when providing information for the study. This expectation is grounded in the belief that respondents appreciated the value of unbiased data for the study's outcomes and the development of the FINTECH industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter covered empirical and theoretical literature reviews, a conceptual framework, and a summary of reviewed literature. The goal is to critically analyse previous studies and determine areas where further research is needed. The chapter contributed to filling these research gaps and provide a solid theoretical and conceptual framework for the study.

2.2 Theoretical Framework

The theoretical framework can be described as the underlying structure that supports the theories of a research study. In this chapter, four theoretical perspectives were discussed in relation to strategic leadership and its impact on corporate sustainability practices. The theories that were utilized include Strategic Leadership Theory, Agency Theory, Resource Based Theory, and Organizational Culture Theory. Each of these theories provides a unique perspective and understanding of how strategic leaders can effectively influence sustainability practices within an organization. Through the lens of these theoretical frameworks, this chapter explored the role of strategic leadership in driving sustainable practices and the factors that influence the effectiveness of such leadership.

2.2.1 Strategic Leadership Theory

Strategic leadership theory, developed by Michael Hitt in 2017, provides a framework for understanding how strategic management practices impact organizational performance (Hitt *et al.*, 2017). The theory comprises several components of strategic management, including strategic direction, balanced controls, organizational culture, and firm's resources. Strategic direction is a key component of the theory and refers to the

vision and mission of the organization. It involves setting a clear direction for the organization, identifying its goals, and formulating strategies to achieve these goals. The strategic direction provides the organization with a roadmap to guide its actions and decision-making processes.

Balanced controls, another component of the theory, refers to the management of resources and processes to ensure that they align with the strategic direction (Kabetu & Iravo, 2018). This includes monitoring and controlling operations, managing risks, and ensuring compliance with regulations and policies. Balanced controls help ensure that the organization is on track towards achieving its strategic objectives (Ombese, 2020). Organizational culture is also a crucial component of the theory. Organizational culture refers to the shared values, beliefs, and norms that shape the behaviour of individuals within the organization (Jahandoost *et al.*, 2021). Organizational culture encourages collaboration, innovation, and a commitment to the strategic direction, which leads to better organizational performance.

The firm's resources are the final component of the theory. This involves the allocation and management of resources, including financial, human, and technological resources, to achieve the strategic objectives of the organization (Chepkurgat, 2019). A firm's resource ensures that the organization has the necessary resources to execute its strategies. Despite its strengths, strategic leadership theory has been criticized for its lack of empirical support. Critics argue that the theory is too broad and lacks specificity, making it difficult to apply in practice (Mutole, 2019). Additionally, some argue that the theory ignores external factors such as industry trends and competition, which can have a significant impact on organizational performance.

However, despite these criticisms, strategic leadership theory has significant applicability to various organizations, including FINTECH firms operating in Nairobi City County,

Kenya. The theory provides a comprehensive framework for understanding how strategic management practices impact organizational performance. Specifically, the theory can be applied to the study's objectives in the following ways: Firstly, the theory can be used to understand how strategic direction influences the performance of FINTECH firms in Nairobi City County, Kenya. By providing a roadmap for the organization, a clear strategic direction can help ensure that the organization is focused on achieving its objectives and is better equipped to navigate the challenges posed by the dynamic Environment. Secondly, the theory can be applied to examine the effect of balanced controls on the performance of FINTECH firms in Nairobi City County, Kenya.

Management of resources and processes can help ensure that the organization is aligned with its strategic direction, which can improve organizational performance. Thirdly, the theory can be used to establish the relationship between organizational culture and the performance of FINTECH firms in Nairobi City County, Kenya. A positive organizational culture that encourages collaboration, innovation, and a commitment to the strategic direction can lead to better organizational performance.

Lastly, the theory can be applied to determine the effect of the firm's resources on the performance of FINTECH firms in Nairobi City County, Kenya. Management of financial, human, and technological resources can help ensure that the organization has the necessary resources to achieve its strategic objectives, which can improve organizational performance. In conclusion, the strategic leadership theory by Michael Hitt provides a comprehensive framework for understanding how strategic management practices impact organizational performance. The theory's components, including strategic direction, balanced controls, organizational culture, and firm's resources, can be applied to study the effect of strategic leadership practices on the organizational performance of FINTECH firms operating in Nairobi City County, Kenya

2.2.2 Agency Theory

Agency theory is a popular concept in management studies that has been developed to explain the relationship between principals and agents in organizations. It was first proposed by economist Michael C. Jensen and his colleagues in the late 1970s (Barbir, 2021). The theory posits that in most organizations, there is a principal, who is the owner of the organization or someone who represents the owners, and an agent, who is hired by the principal to carry out specific tasks on their behalf (Cole & Schneider, 2020). In this relationship, the agent is expected to act in the best interests of the principal, but there may be a conflict of interest because the agent may also have their own interests, which may not align with those of the principal (Naz *et al.*, 2022). The theory seeks to explain this conflict of interest and the mechanisms that can be used to reduce it.

According to agency theory, there are several independent variables that affect the behaviour of agents in organizations. These variables include incentives, monitoring, and the threat of sanctions. Incentives refer to the rewards that agents receive for good performance. These may include bonuses, promotions, or other forms of recognition (Ankamah-Yeboah *et al.*, 2021). Monitoring refers to the surveillance of agent behaviour to ensure that they are acting in the best interests of the principal. This may involve performance evaluations, regular reporting, or other forms of oversight. The threat of sanctions refers to the punishment that agents may face if they do not act in the best interests of the principal (Naz *et al.*, 2022). This may include termination, demotion, or other forms of disciplinary action.

One criticism of agency theory is that it assumes that agents are purely self-interested and motivated by financial rewards. This assumption may not always be accurate, as agents may also be motivated by factors such as job satisfaction, social recognition, or a desire to do good work (Raimo *et al.*, 2021). Another criticism is that agency theory does

not adequately account for the role of trust in the principal-agent relationship. In some cases, trust may be an important factor in ensuring that agents act in the best interests of the principal, but agency theory does not provide a framework for understanding this (Omar & Rahman, 2019).

Despite these criticisms, agency theory has important implications for organizational management. The theory suggests that managers must carefully consider the incentives, monitoring, and sanctions that they use to motivate and control agents. For example, managers may need to provide appropriate financial incentives to encourage good performance, but they must also ensure that these incentives do not encourage agents to engage in unethical or illegal behaviour (Nikula & Kivistö, 2020). Similarly, managers may need to monitor agent behaviour to ensure that they are acting in the best interests of the principal, but they must also be careful not to undermine trust and cooperation between the principal and agent.

In the context of FINTECH firms operating in Nairobi City County, Kenya, agency theory may be applicable in several ways. For example, incentives may be used to motivate agents to develop innovative products and services that can help the firm compete in a rapidly changing environment. Monitoring may be used to ensure that agents are complying with relevant regulations and ethical standards, which is especially important in the FINTECH industry, where trust and reputation are crucial. Finally, the threat of sanctions may be used to discourage agents from engaging in unethical or illegal behaviour, such as fraud or embezzlement, which can have serious consequences for the firm. In summary, agency theory is a useful framework for understanding the relationship between principals and agents in organizations. While the theory has some limitations, it has important implications for organizational management, especially in contexts where the relationship between the principal and agent may be complex or

subject to conflicting interests. In the case of FINTECH firms operating in Nairobi City County, Kenya, agency theory is relevant in developing effective strategies for motivating and controlling agents to achieve optimal organizational performance.

Agency theory provides a robust theoretical foundation for examining the influence of strategic leadership practices on the performance of FINTECH firms in Nairobi City County's dynamic environment. The theory's focus is on the potential misalignment between principals (shareholders) and agents (managers) is particularly relevant to the study's first two objectives: determining the influence of strategic direction and establishing the impact of balanced controls on firm performance. In the rapidly evolving FINTECH sector, where information asymmetry can be high, strategic direction serves as a crucial tool for aligning the long-term interests of all parties. Similarly, balanced controls, a key concept in agency theory, are essential in mitigating the risks associated with the complex and fast-paced nature of financial technology. By examining these practices through the lens of agency theory, the study can provide valuable insights into how FINTECH firms can enhance their performance by reducing agency costs and improving goal congruence between principals and agents.

The study's third objective, assessing the influence of organizational culture on firm performance, finds strong support in agency theory's consideration of informal control mechanisms. In the dynamic FINTECH environment, where formal controls may struggle to keep pace with rapid changes, organizational culture can serve as a powerful tool for aligning behaviors and decisions across all levels of the firm. Agency theory suggests that a strong, well-aligned culture can reduce agency costs by fostering shared values and goals, thereby improving organizational performance. This theoretical perspective enhances the study's examination of how strategic leaders in FINTECH firms can leverage organizational culture to drive performance in a volatile market.

Lastly, agency theory's concepts of risk-sharing and incentives are highly relevant to the study's fourth objective: evaluating the influence of firm's resources on performance. In the context of FINTECH firms, where innovation and strategic resource deployment are critical, agency theory provides a framework for understanding how resource allocation decisions can be aligned with shareholder interests to enhance firm performance. The theory suggests that how a firm's resources are allocated and utilized can significantly impact the alignment between principals and agents. By grounding this objective in agency theory, the study can offer valuable insights into how FINTECH firms in Nairobi City County can optimize their resource management to drive performance. Overall, agency theory provides a comprehensive theoretical lens through which to examine and understand the complex relationships and potential conflicts within FINTECH firms, and how effective strategic leadership practices can align interests and improve performance in this rapidly evolving sector.

2.2.3 Resource Based Theory

Resource-based theory (RBT) is a theoretical framework in strategic management that attempts to explain how a firm's internal resources and capabilities contribute to its sustained competitive advantage (Safari & Saleh, 2020). The theory was first introduced by Edith Penrose in 1959, and then later developed by Jay Barney in the 1980s. Resource-based theory posits that a firm's resources can be classified as either tangible or intangible. Tangible resources include physical assets such as buildings, equipment, and financial capital, while intangible resources include knowledge, human capital, and reputation (Abbas, 2019). According to the theory, the value of these resources comes from their ability to generate sustainable competitive advantages by providing unique and valuable capabilities that are difficult to imitate by competitors.

One of the key assumptions of RBT is that resources are heterogeneously distributed across firms, meaning that not all firms have the same set of resources. This means that some firms may be able to develop a competitive advantage through the management and utilization of their unique resources (Ismail *et al.*, 2020). In addition, the theory posits that resources must be valuable, rare, inimitable, and non-substitutable (VRIN) in order to generate sustained competitive advantage. In the context of the objective, which is to determine the effect of the firm's resources on the performance of FINTECH firms in Nairobi City County, Kenya, RBT can be used to explain how the management of a firm's resources can contribute to its competitive advantage and ultimately its performance. Specifically, the theory suggests that a firm can achieve a sustainable competitive advantage by identifying, acquiring, and leveraging its unique resources and capabilities.

In the case of FINTECH firms in Nairobi City County, management of resources such as human capital, intellectual property, and proprietary technologies can enable these firms to differentiate themselves from competitors and provide unique value to customers. For example, firms with a highly skilled and motivated workforce may be able to develop innovative products and services that are difficult to replicate by competitors. Similarly, firms that invest heavily in research and development to create new and proprietary technologies may be able to establish themselves as industry leaders.

However, RBT has also faced criticism, with some scholars arguing that it places too much emphasis on the role of internal resources and capabilities, while neglecting the external environment in which firms operate (Zhang *et al.*, 2021). For example, critics argue that the theory fails to consider the impact of market conditions, government regulations, and other external factors that can affect a firm's performance. Despite these criticisms, resource-based theory remains a widely used framework in strategic

management and has been applied in a variety of industries and contexts. In the case of FINTECH firms in Nairobi City County, RBT can provide valuable insights into how these firms can leverage their unique resources and capabilities to achieve sustained competitive advantage and improve their performance.

In summary, resource-based theory suggests that a firm's resources can be a source of sustained competitive advantage if they are valuable, rare, inimitable, and non-substitutable. In the context of the objective, the theory can be used to explain how the management of a firm's resources can contribute to its competitive advantage and ultimately its performance. While RBT has faced criticism, it remains a widely used and valuable framework in strategic management.

2.2.4 Organizational Culture Theory

Organizational culture theory is a well-known perspective on organizational behaviour that emphasizes the significance of culture as an influential factor in shaping employee behaviour, attitudes, and motivation. In this context, organizational culture refers to the shared beliefs, values, customs, and practices that characterize an organization, and how these elements affect employee behaviour and ultimately the overall performance of the organization (Hiestand, 2022). This theory was developed over the years by a number of scholars in the field of organizational behaviour, including Edgar Schein, Charles Handy, and Deal and Kennedy (Ketprapakorn & Kantabutra, 2022).

Edgar Schein, a well-known organizational theorist, proposed that organizational culture is comprised of three distinct levels: artefacts, values, and underlying assumptions. The artefacts level represents the visible and tangible aspects of culture, such as company logos, dress code, and physical layout of the workplace (Setiawan & Kurniawan, 2021). The values level refers to the conscious beliefs and preferences of employees, while

underlying assumptions are the unconscious beliefs and values that shape behaviour within the organization. Schein also proposed that culture can be shaped and influenced by leaders, who can introduce and model desirable behaviours and values (Ketprapakorn & Kantabutra, 2022).

Charles Handy, another key figure in organizational culture theory, proposed four different types of culture: power, role, task, and person. Power culture is characterized by centralized power, where decisions are made by a small group of people at the top of the organization (Eickhoff, 2021). Role culture, on the other hand, is based on formal rules and procedures, where decision-making is driven by a person's position within the organization. Task culture is focused on getting the job done, with flexible structures that are designed to achieve specific goals. Finally, person culture is characterized by individualism, where employees focus on their own interests and personal development.

Deal and Kennedy proposed a theory of corporate culture that emphasized the importance of informal norms and values in shaping behaviour (Setiawan & Kurniawan, 2021). They suggested that corporate culture is shaped by the company's history, stories, and heroes, and that a strong culture can help organizations to achieve high levels of performance. One of the key criticisms of organizational culture theory is that it can be difficult to measure and define culture in a precise manner. Culture is often intangible and can be difficult to measure in a quantitative way, and this can make it challenging for researchers to determine its precise impact on performance (Ketprapakorn & Kantabutra, 2022). Additionally, culture is not a static entity, and can evolve and change over time, making it difficult to establish definitive conclusions about the relationship between culture and performance.

Despite these challenges, organizational culture theory has significant applicability in the context of FINTECH firms in Nairobi City County, Kenya. FINTECH firms in particular require a high level of innovation, flexibility, and adaptability, and culture can play a key role in shaping these behaviours. For instance, a strong culture that emphasizes risk-taking and innovation can help FINTECH firms to be more agile and responsive to changing market conditions. Additionally, a culture that values collaboration and teamwork can enhance employee motivation and ultimately contribute to better performance outcomes. To tie this theory to the specific objective of establishing the relationship between organizational culture and the performance of FINTECH firms in Nairobi City County, Kenya, the study can examine the impact of different cultural elements such as values, norms, and practices on employee motivation, engagement, and ultimately performance. Additionally, the study can investigate the role of leadership in shaping culture, and how this can affect employee behaviour and organizational outcomes. Overall, organizational culture theory provides a useful framework for understanding the complex interplay between culture, behaviour, and performance in the context of FINTECH firms operating.

2.3 Empirical Literature

2.3.1 Strategic Direction and Organizational Performance

The focus of the study by Koros and Ragui (2020) was the connection between the strategic direction and organizational performance of the Kenya National Highways Authority (KeNHA). This descriptive study focused on 11 KeNHA offices, including 10 regional offices and the headquarters office. In this study, the units of observation were departmental supervisors and assistant managers. To collect data for this study, standard questionnaires were distributed to managers and assistant managers. The study employed quantitative data analysis approaches, including descriptive and inferential statistics, with

the assistance of Statistical Package for the Social Sciences (SPSS version 26) statistical software. A moderate relationship between KeNHA's strategic orientation and organizational performance, with a mean of 2.89 and a standard deviation of 0.58 was found. According to respondents, the strategic direction of the company has been established by a defined mission, vision, and objectives, and decisions at all organizational levels are clear, straightforward, and well-informed. In contrast, respondents were vehemently opposed to the notion that the organization's objectives are reviewed and revised as necessary.

The study also determined that the organization has a formal and explicit strategic planning process that yields a clear strategic direction, but that not all employees at all grades/positions are involved in strategy formation. Based on these findings, the study concludes that KeNHA's strategic orientation has a minor impact on organizational performance. The report recommends that KeNHA assess and change its goals on a regular basis to ensure that they stay relevant in light of the organization's dynamic environment. To ensure employee buy-in and dedication to the organization's objectives, the organization should include all employees in the strategy development process. The conclusion of the paper is that KeNHA should continue to develop and implement a strategic planning framework to guide its decision-making and maintain its focus on its mission and vision.

The objective of Ramadhan (2022) was to examine the impact of strategic direction on the performance of Kenyan insurance companies. As part of a census approach, a questionnaire was issued to the business strategic manager of each of Kenya's 55 insurance companies. The gathered quantitative data was analyzed using minimum, maximum, mean, standard deviation, and coefficient of variation. In addition, a simple linear regression was employed to examine the relationship between strategic orientation

and the performance of Kenyan insurance firms. The majority of respondents believed that insurance companies' strategic plans articulate their vision and objectives, account for human resource requirements in accordance with their strategic plans, and suggest performance-enhancing techniques. In addition, respondents agreed that, as a result of strategic direction, insurance companies have optimized customer requirements management and sales. However, there was neither agreement nor disagreement over whether strategic direction helped the profit growth of their respective insurance companies. The research revealed an association between strategic leadership direction and 67.47 percent of performance changes in Kenyan insurance companies. The findings confirmed the theory of strategic leadership, which necessitates the providing of strategic direction to optimize the accomplishment of corporate goals and objectives. These data support the assumption that strategic leadership has a positive impact on organizational performance.

Oluoch *et al.*, (2021) examined the impact of strategic direction on the financial viability of nongovernmental organizations (NGOs) in Kenya. Using a quantitative research methodology, examine the link between the independent variable, strategic direction, and the dependent variable, financial viability. A descriptive correlational survey method was also applied in order to investigate the link. The study gathered data via survey research, which provides quantitative descriptions through questionnaires. In order to draw broad conclusions, a statistically significant fraction of the population was handed questionnaires. The study focused on all national NGOs in Kenya, as these organizations have a high infant mortality rate, especially during their first decade of operation (NGOs Coordination Board, 2017).

This poor survival rate suggests that their ability to continue operations is constrained by sustainability concerns. From the public list of 6,028 active national NGOs in the registry

of the NGOs Coordination Board, 413 CEOs/board members were randomly picked. Important, life-or-death decisions, such as the strategic direction of non-governmental organizations, are made at the strategic leadership level. Spearman's correlation analysis was used to investigate the relationship between strategic direction and financial viability. With $r(393) = 0.501$ and $p = .05$, the results indicated a statistically significant and positive correlation. In addition, a chi-square test was undertaken to determine if a correlation existed between strategic direction and financial feasibility. $\chi^2(16, N = 393) = 291,651$, $p = 0.05$, revealed a statistically significant relationship between strategic direction and financial sustainability. A one-way ANOVA was also performed to determine if there were statistically significant differences between the means of strategic direction and the demographic variables of position, gender, age group, highest academic qualification, years served as a member of the strategic leadership team, number of years the organization has been in operation, and sectors it serves. $F(4, 388) = 2,907$, $p.05$, and $F(4, 388) = 3,034$, $p.05$, revealed statistically significant differences between the means of strategic orientation and demographic characteristics for organizational position and highest academic degree, respectively.

2.3.2 Balanced Controls and Organizational Performance

The goal of the study by Naibei *et al.*, (2021) was to investigate the impact of financial controls on the organizational performance of a sample of county administrations in Western Kenya. Using a cross-sectional design and survey approach, the study gathered quantitative information from 16,209 employees in three counties of Western Kenya. The sample size of 390 employees was determined using a modified formula published by Yamene (1970). Descriptive and inferential statistics, specifically regression analysis, were applied to the data to explore the effect of financial controls on organizational performance. As indicated by a mean response of 3.75 and a standard deviation of 0.978,

the implementation of financial control practices is moderate. The vast majority of respondents agreed or strongly agreed that increased financial management control will improve county government performance. In addition, it was anticipated that financial control systems would offer appropriate funding for all activities, reduce delays in county projects, and make it simpler to pay county employees. The mean response to the question of whether effective financial control methods contribute to employee motivation through financial rewards and fringe benefits was 3.31, showing that respondents were less convinced of the effectiveness of financial control practices in this area.

Murunga and Deya (2022) examined the influence of strategic controls on the performance of commercial banks in Nairobi City County, Kenya. Evaluation of the influence of premise controls, strategic surveillance controls, special alerts controls, and strategic implementation controls on the performance of commercial banks was one of the objectives. The study employed a descriptive survey research design that incorporated both quantitative and qualitative methodologies to identify the current state of various variables and the existence of a link. The target population consisted of all 42 banks in Nairobi City County, Kenya, and the target respondents were the senior, middle, and junior managers at the head offices of the 42 commercial banks in Nairobi City County, Kenya.

The total number of responders was 1,226 department heads, assistant department heads, and managerial staffs from 42 commercial banks in Kenya's head offices. A sample of ten percent of each group's proportional share of the study population yielded a total of 123 respondents. The survey indicated that banks have implemented premise controls in their operations to a significant degree. Observations indicate that organizational characteristics, industrial elements, and environmental factors have a significant impact

on the performance of commercial banks. The study found that there is a process for selecting premises that are likely to change and would have a significant impact on the organization's functioning and strategy; that specific units within the banks routinely monitor industry factors such as competitors, suppliers, and substitutes; that the benefits of exchanges between units depend on an appropriate relationship between premise control and organizational structure; and that controls are in place. In addition, the study revealed that commercial banks in Nairobi City County, Kenya had implemented strategic surveillance controls to a significant degree. According to the report, monitoring industrial trends has a significant impact on the performance of commercial banks.

The objective of the study by Mahroqi and Matriano (2021) was to analyze the impact of budgetary management approaches on Oman Telecommunication Company's financial performance. Utilizing statistical techniques such as descriptive statistics, means, and linear regression analysis, the study analyzed data extracted from the company's financial records. The budgetary control methods used by Oman Telecommunication Company had a significant impact on its financial performance, according to the study's findings. Specifically, variance analysis, responsibility accounting, cash budgeting, capital expenditure budgeting, revenue budgeting, and expense budgeting were identified as effective methods for improving a company's financial performance. Moreover, the study found that financial planning, monitoring, and control processes are necessary for efficient budgetary control. It was established that comprehension and support of budgetary control processes by top management, as well as the allocation of adequate resources, were necessary for the successful execution of budget control. The study indicates that budgetary control approaches, when combined with budgetary planning, monitoring, and controlling procedures; contribute significantly to improving Oman

Telecommunication Company's financial performance. Therefore, the research recommends that Oman Telecommunication Company maintain implementing sound budgetary management techniques and procedures in order to enhance its financial performance. In addition, the research recommends that senior management receive training and instruction on budgetary control procedures, as well as the resources necessary to apply them.

The goal of the study Oluoch *et al.*, (2021) was to examine the impact of balanced organizational controls on the financial viability of Kenyan non-governmental organizations. The relationship between the independent variable, balanced organizational controls, and the dependent variable, financial sustainability, was explored using a quantitative research technique. The acceptable study design was a descriptive correlational survey, and questionnaire administration served as the data collection method for survey research. The focus of the study was on all national NGOs in Kenya, as the country's high infant mortality rate suggests that they face sustainability issues that limit their capacity to continue operations. The study polled 413 CEOs and board members from the official list of 6,028 active national NGOs in the registration maintained by the NGOs Coordination Board. Balanced organizational controls did not predict the financial viability of Kenyan NGOs, according to the study's findings.

The ordinal logistic regression analysis revealed a violation of the proportional odds assumption, indicating that the log likelihood ratio Chi-Square test did not produce statistically significant outcomes. Despite the fact that the research revealed that the ordinal logistic regression model for balanced organizational controls gave accurate predictions, the substantial Pearson Chi-square values indicated a poor model fit, preventing the null hypothesis from being rejected. According to Mutinda and Ngahu (2016), internal financial control systems did not have a statistically significant impact

on the financial sustainability of non-governmental organizations in Nakuru County. In conclusion, Oluoch *et al* (2021) study highlights the importance of balanced organizational controls for the financial sustainability of Kenyan NGOs. Other factors may have a greater impact on the financial viability of NGOs, thus additional research is required to identify these variables. Future study recommendations include examining the impact of various organizational control mechanisms on the financial viability of NGOs and developing best practices for financial management in the NGO sector.

2.3.3 Organizational Culture and Organizational Performance

The purpose of the study by Owino and Kibera (2019) was to examine the relationship between organizational culture and financial performance in the Kenyan microfinance sector. A cross-sectional questionnaire was distributed to the CEO, HR manager, and marketing manager of each MFI to collect data for the study. The organizational culture indicator (OCI) was utilized to measure the culture of the study population, which was comprised of MFIs with diverse service delivery categories and scopes. MFIs in Kenya demonstrated the organizational cultures of the market, hierarchy, clan, and ad hoc. The study found that market culture had a statistically significant and positive effect on market performance, accounting for 32, 5% of the difference in market performance.

In contrast, clan culture had little impact on market performance, whereas hierarchical culture had a substantial positive impact. Analysis of the direct effect of hierarchical culture on performance revealed that it accounted for 24.7% of market performance variations. The study emphasized the importance of aligning culture, strategy, and structure in order to achieve long-term performance and a sustainable competitive edge. The study found that adhocracy, market, and hierarchical cultures have a significant positive effect on performance, but clan culture does not. The amount to which a corporation embraces market culture affects its market performance, and organizational

culture is essential for defining the mindset of employees while planning and implementing market-driven initiatives. The study also highlighted the association between organizational culture and financial outcomes, with an externally oriented culture being linked to performance and a negative association between organizational culture and the debt-to-equity ratio.

The purpose of the study Mati (2022) was to investigate the impact of organizational culture on the performance of large private health facilities in Kenya. The study was done using a descriptive cross-sectional survey design and mixed-method research methodologies. The research population consisted of 61 big private health facilities operating in Kenya that were counted in a census. Using a pilot-tested questionnaire in ten big private health facilities, primary data were collected. With a mean score of 3.96, the study revealed that participants were mostly in accord with the organizational cultural norms applied at their respective sites. The organizational culture was operationalized into four constructs: process orientation, job orientation, profession orientation, and pragmatic orientation. Process orientation, job orientation, and pragmatic orientation had higher mean scores than profession orientation. The majority of respondents believed that integrating strategic conduct with cultural growth was essential to the effectiveness of their health facilities, according to the survey.

The study emphasizes the significance of organizational culture in determining the performance of healthcare facilities, as well as the necessity of aligning strategic behaviour with cultural development in order to improve performance outcomes. Nonetheless, the study's findings revealed that the general effect of culture on performance was insignificant, with the exception of financial viability. The study also evaluated the independent effect of organizational culture on efficiency, effectiveness, relevance, and financial viability, and found that organizational culture significantly

predicted efficiency, effectiveness, and relevance, but not financial viability. In conclusion, the study indicates that, although organizational culture has a modest to moderately strong connection with performance, its total impact on performance is negligible, with the exception of its effect on financial viability. The research emphasizes the need for health institutions to match their strategy conduct with cultural development in order to improve performance outcomes.

The purpose of the study titled "Influence of Corporate Culture on Strategy Execution: A Survey of Commercial Banks in Kenya" by Kwendo *et al.*, (2018) was to investigate the impact of organizational culture on strategy implementation at 42 commercial banks in Kenya. Specific aims of the study were to determine the influence of adhocracy culture, clan culture, market culture, and hierarchical culture on the implementation of strategy in Kenyan commercial banks. The study adopted a descriptive survey research approach, with 156 senior workers from 42 commercial banks serving as the sample population. Self-administered semi-structured questionnaires were utilized to collect data, and descriptive and inferential statistics were employed for data analysis. Version 21 of the Statistical Package for the Social Sciences (SPSS) was used to examine the qualitative and quantitative data generated by the obtained data. Hierarchical culture was discovered to be the most influential component in strategy implementation, followed by clan culture, adhocracy culture, and market culture.

The study's regression model indicates that a unit improvement in adhocracy culture, clan culture, market culture, and hierarchical culture led to improvements in the strategy execution of commercial banks in Kenya. On the basis of the study's findings, the authors stated that improving adhocracy, clan, market, and hierarchical cultures can lead to improved strategy implementation among Kenyan commercial banks. In order to better their strategy implementation, the study suggests that commercial banks in Kenya

prioritize the creation of a hierarchical culture, followed by a clan culture, an adhocracy culture, and a market culture. The study also underlined the importance of routinely analyzing corporate culture to ensure that it fits with the strategic objectives of the bank.

2.3.4 Firm's Resources and Organizational Performance

The research conducted by Karneli (2022) focuses on the adoption of strategic human resource management (SHRM) to enhance organizational performance in the era of dynamic environment. This study employs a qualitative research approach that prioritizes specific findings over broad generalizations in order to comprehend how individuals experience events. In an era characterized by volatility, uncertainty, complexity, and ambiguity (dynamic environment), the objective of this study is to determine how SHRM might be utilized to improve organizational performance. According to the report, the dynamic environment era presents a number of challenges that necessitate Vision, Understanding, Clarity, and Agility to overcome. This research highlights the significance of human resource management in enhancing organizational performance. If employees are considered as the sole source of sustainable competitive advantage, the role of human resource management/workers in achieving management goals is deemed problematic. Consequently, a firm must respect and enhance the human resource element, a central tenet of contemporary SHRM philosophy.

In human resources, performance awards play a crucial role, particularly in companies whose growth depends on their employees. If the company's human resources are robust, it can grow faster than its competitors. According to the study, human resource management can be a factor in enhancing organizational performance. In addition, the function of strategic planning in enhancing organizational quality is highlighted. In the era of dynamic environment, SHRM can increase organizational effectiveness. The

company's standing was enhanced by its superior human resources. In the 4.0 era, human resource management must be equipped with the proper strategy to develop the required actions for achieving organizational goals. It is essential for a firm to have high-quality human resources that can help to the achievement of its goals in light of the rising competition. To achieve Sustainable Competitive Advantage, a company must be able to motivate and bring out the best in its value-driven employees.

The study Ofurum & Okerekeoti (2022) examined the effect of financial resource management on sustainable growth in Nigerian pharmaceutical enterprises situated in Abi State. The study employed a survey research methodology with 400 respondents, including ten employees from each of the state's twenty pharmaceutical firms. Using a questionnaire, data were gathered and analysed using regression analysis with SPSS version 20.0 and a 5 percent significance criterion. The study found that financial resource management has a significant positive effect on the sustainable expansion of Nigerian pharmaceutical companies situated in Abia State. With $R^2 = 0.998$ and an adjusted R^2 of 0.996, the coefficient of determination was high, indicating that the interaction between financial resource management and sustainable development influenced almost 99 percent of the change.

The probability value for financial resource management was 0.000, which is less than 0.05, suggesting a favourable correlation between financial resource management and sustainable development. The researcher recommended, based on the findings of the study, that long-term capital planning be conducted in accordance with the bank's overall financial plan in equity capital management, so that banks can plan resources more effectively and acquire long-term resources based on anticipated active transactions. Consistent with previous research, which determined that financial management is crucial for promoting sustainable business practices and development, the current study's

findings show that financial management is essential for promoting sustainable business practices and development. To achieve sustainable success, pharmaceutical enterprises in the Nigerian state of Abia should make financial resource management a top priority.

Ongeti and Machuki (2018) analysed the relationship between organizational resources and the performance of Kenyan government agencies. The core hypothesis was that organizational resources had a significant impact on the performance of these businesses, with the sub hypotheses based on the four types of organizational resources: tangible, human, intangible, and capabilities. Using a descriptive cross-sectional survey approach, 95 state companies provided primary and secondary data. A semi-structured instrument with both closed- and open-ended questions was used to collect the majority of quantitative primary data. The secondary data emphasized the fiscal years 2009/2010 through 2012/2013. Multiple indicators from different authors were utilized to operationalize organizational resources, whilst a composite performance index was employed to operationalize organizational performance. Examining the hypotheses using descriptive statistics and multivariate regression analysis.

The study uncovered a moderate but statistically significant correlation between tangible resources and performance. The correlation between human resources and performance is rather poor, whereas the correlation between intangible resources and performance is quite strong. There was no statistically significant correlation between capacities and performance, according to the study. The study discovered that investments in both tangible and intangible resources could increase the performance of state-owned firms in Kenya. Overall, the relationship between organizational resources and performance was modestly positive and did not account for a substantial proportion of the variance in performance. This study's findings may be helpful to businesses seeking to enhance performance through enhancing organizational abilities. Despite this, the study revealed

that developing exceptional talent is a complex and difficult endeavour that requires significant resources and time.

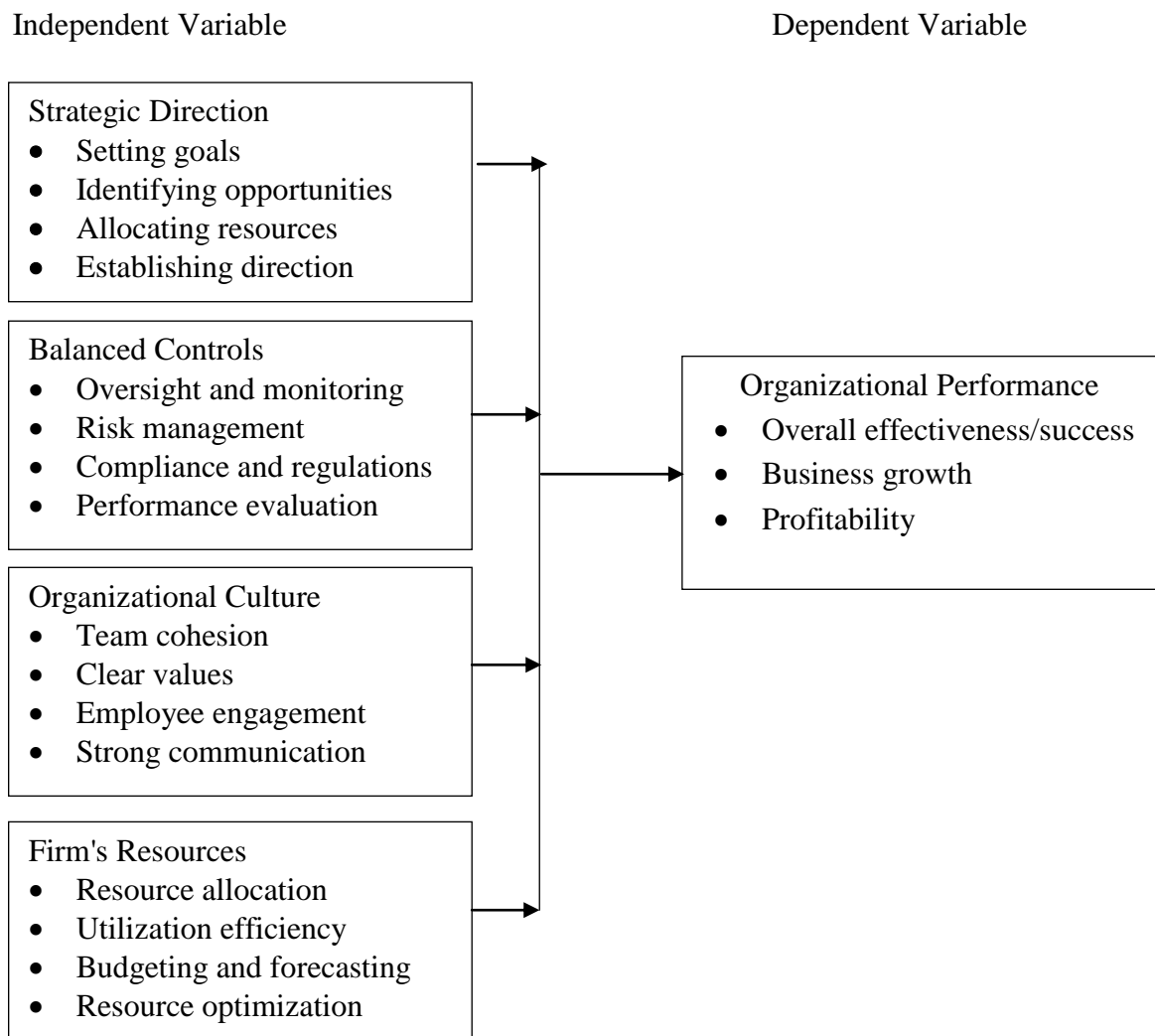
2.4 Conceptual Framework

In research, a conceptual framework serves as a vital theoretical model, helping researchers understand the intricate relationships between various variables and concepts within a study. In the context of this study, the research discussed the conceptual framework for the specific objectives centered on the performance of FINTECH firms in the dynamic environment of Nairobi City County, Kenya.

The conceptual framework outlines how these independent variables, including strategic direction, balanced controls, organizational culture, and firm's resources, are theorized to affect the dependent variable, the performance of FINTECH firms in the dynamic environment of Nairobi City County, Kenya. This framework offers a structured approach for understanding these relationships and serves as a guiding roadmap for the research process as shown in Figure 1.

Figure 1

Conceptual Framework



Source: Author (2024)

2.5 Summary of Literature and Research Gaps

Three studies investigating the relationship between strategic direction and organizational performance are included in the review of the relevant literature. Following is a synopsis of each study and its accompanying research needs for the goal of studying the impact of strategic direction on the success of FINTECH firms in the volatile, unpredictable, complex, and ambiguous (dynamic environment) environment of Nairobi City County, Kenya.

Koros and Ragui (2020) assessed the relationship between strategic direction and organizational performance within the Kenya National Highways Authority (KeNHA). Despite providing insights into the relationship between strategic direction and performance, this study does not address the FINTECH industry or the unique problems posed by the dynamic environment in Nairobi City County. Consequently, there is a knowledge gap on the impact of strategic direction on the performance of FINTECH firms operating in this context. The year Ramadan (2022) examined the impact of strategic direction on the performance of Kenyan insurance companies. Although this study contributes to the understanding of the effect of strategic direction on performance, neither FINTECH companies nor the dynamic environment of Nairobi City County are the primary focus. Therefore, there is a gap in the literature regarding the effect of strategic direction on the performance of FINTECH firms operating in Nairobi City County's dynamic environment.

Oluoch *et al.* (2021b) undertook a study to assess how the strategic direction of non-governmental organizations (NGOs) in Kenya influences their financial viability. Although this study examines the connection between strategic direction and financial sustainability, neither FINTECH firms nor the dynamic environment in Nairobi City County are addressed explicitly. Consequently, there is a lack of research regarding how strategic direction influences the performance, namely the financial viability and sustainability, of FINTECH firms operating in the dynamic environment of Nairobi City County.

To examine the effect of balanced controls on the performance of FINTECH firms in the dynamic environment of Nairobi City County, specialized research focusing on FINTECH businesses are required. Murunga and Deya (2022) examine the impact of strategic controls on the performance of commercial banks in Nairobi City County in

second research titled "The Impact of Strategic Controls on the Performance of Commercial Banks: A Case of Nairobi City County, Kenya." While this study provides insights on strategic controls and their impact on the banking industry, it does not analyze the impact of balanced controls on dynamic environment -operating FINTECH enterprises. To comprehend the relationship between balanced controls and the success of FINTECH firms, specialist research on FINTECH firms in Nairobi City County is required.

Similar research was conducted by Mahroqi and Matriano in 2021 with the title "Impact of Budgetary Management Measures on Financial Performance: A Case Study of Oman Telecommunication Company." Although this study sheds light on the impact of budgetary management strategies on the financial performance of a telecoms company in Oman, it does not directly analyze the impact of balanced controls on the performance of FINTECH firms in Nairobi City County, Kenya's dynamic environment. To study the effect of balanced controls on the performance of FINTECH companies in Nairobi City County, there is a vacuum in the literature that demands additional research.

Relationship between Organizational Culture and Financial Performance: A Case of Microfinance Business in Kenya is an investigation by Owino and Kibera (2019) into the relationship between organizational culture and financial performance in the microfinance sector in Kenya. This study examines the relationship between organizational culture and financial performance, but does not address the effect of organizational culture on the success of FINTECH companies operating in Nairobi City County, Kenya. To examine the impact of organizational culture on the success of FINTECH enterprises, specialized research on FINTECH companies is necessary.

In a paper titled "Impact of Organizational Culture on the Performance of Large Private Health Facilities: Evidence from Kenya," Mati (2022) evaluated the impact of

organizational culture on the performance of major private health facilities in Kenya. This study examines the relationship between organizational culture and performance in the healthcare industry, but it does not assess the effect of organizational culture on the performance of dynamic environment -operating FINTECH enterprises in Nairobi City County. To appreciate the relationship between organizational culture and performance, a particular study focusing on FINTECH firms operating in Nairobi City County is required.

In addition, "Role of Corporate Culture on Strategy Implementation: A Survey of Commercial Banks in Kenya" by Kwendo *et al.* (2018) focuses on the impact of organizational culture on strategy implementation in Kenyan commercial banks. While this study investigates the impact of organizational culture on strategy implementation, it does not specifically examine the impact of organizational culture on the performance of dynamic environment -operating FINTECH enterprises in Nairobi City County. In order to examine the effect of organizational culture on the success of FINTECH firm's framework, additional research on FINTECH firms in Nairobi City County is required.

The 2022 study by Karneli investigates the influence of strategic human resource management (SHRM) on organizational performance in the era of dynamic environment. However, it does not directly examine the effect of a company's resources on the performance of FINTECH enterprises in Nairobi City County, Kenya, . This creates a research gap necessitating particular studies on FINTECH enterprises to evaluate the impact of business resources on their performance in the dynamic environment context of Nairobi City County.

Similarly, Ofurum and Okerekeoti's (2022) paper titled 'Effect of Financial Resource Management on Sustainable Development: A Study of Nigerian Pharmaceutical Companies' investigates the impact of financial resource management on sustainable

development in Nigerian pharmaceutical companies. This study did not, however, evaluate the impact of a company's resources on the performance of FINTECH enterprises in Nairobi City County, Kenya. In order to acquire a full understanding of the relationship between firm's resources and its performance within Nairobi City County, it is necessary to undertake a specialized study focusing entirely on FINTECH companies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter examined the methodological decisions that were made for this study in order to achieve its research objectives. Therefore, the chapter examined the study's research design, population and sampling, instrumentation, data collection procedure, data analysis, and ethical considerations.

3.2 Research Design

This study employed a predictive research design to investigate the influence of strategic leadership practices on the performance of FINTECH firms operating in the dynamic environment of Nairobi City County, Kenya. The predictive research design is a quantitative approach that aims to forecast future events or outcomes based on current data and relationships between variables. This design was particularly appropriate for the study as it aligns closely with the research objectives, which seek to understand how current leadership practices can influence future performance in the rapidly evolving FINTECH sector. The predictive nature of this design allowed for the establishment of relationships between the independent variables (strategic direction, balanced controls, organizational culture, and firm's resources) and the dependent variable (firm performance), and the use of these relationships to generate valuable insights for strategic decision-making.

The choice of a predictive research design was further justified by the nature of the FINTECH industry and the type of data being collected. The FINTECH sector in Nairobi City County operates in a highly dynamic and rapidly changing environment, making a predictive approach particularly relevant for identifying trends and patterns that may persist into the future. Moreover, the study collected quantitative data through structured

questionnaires, which was ideal for a predictive research design. This design allowed for the use of statistical techniques such as multiple linear regression, enabling the quantification of relationships between variables and the generation of predictive models. These characteristics make the predictive design well-suited to test the specific hypotheses formulated for each research objective.

Finally, the predictive research design offered several practical advantages that enhanced its suitability for this study. It allowed for the generation of forward-looking insights that can have immediate practical implications for FINTECH firms, helping them anticipate how their strategic leadership practices might influence their future performance. This design was also time and resource-efficient compared to longitudinal designs, which is particularly beneficial given the time constraints of the study and the rapidly changing nature of the FINTECH industry. Additionally, while this study focused on FINTECH firms in Nairobi City County, the predictive nature of this research design enhanced the potential generalizability of findings to similar contexts or future scenarios in the FINTECH sector. Thus, by employing a predictive research design, this study effectively examined the complex relationships between strategic leadership practices and firm performance in the dynamic FINTECH environment, providing a robust framework for generating insights that can inform both academic understanding and practical decision-making in the sector.

3.3 Location of the Study

The location of this study was Nairobi City County, Kenya. Nairobi City County was selected as the study area for several reasons, which justify its importance as a focal point for examining the influence of strategic leadership practices on organizational performance in FINTECH firms operating within. Nairobi City County is recognized as a hub for FINTECH innovation in Kenya, and it is home to a high number of FINTECH

start-ups and established companies. As a centre of FINTECH activities, Nairobi City County provides an ideal setting to study the influence of strategic leadership practices on FINTECH firms' organizational performance, as it offers a diverse, dynamic, and extensive FINTECH ecosystem. This concentration of FINTECH firms in the area creates a unique opportunity to gain insights into the strategic leadership practices that drive organizational performance.

3.4 Target Population

In this research study, the target population was FINTECH firms in Nairobi City County, Kenya. There are 22 FINTECH firms as per the Central Bank of Kenya (2023) as shown in Appendix IV. The target population was 154 as shown in Table 1 comprising of 44 senior managers and 110 middle level managers of the 22 FINTECH firms in Nairobi City County forming the unit of observation. The use of these two groups as the unit of observation was appropriate since they are the key decision-makers and are responsible for implementing the strategies related to strategic direction, balanced controls, organizational culture, and resource management.

Table 1

Target Population

Group	Number of Individuals	Percentage
Senior Management	44	28.6%
Middle Level Management	110	71.4%
Total	154	100%

Source: Human Resources Records of FINTECH Firms (2023)

3.5 Sampling Procedure

Sampling is necessary in research as it is often impractical or impossible to study an entire population, hence a representative sample is used to draw conclusions about the

population (Kubitschko & Kaun, 2016). The sampling technique that was used in this study is stratified random sampling. Stratified random sampling involves dividing the population into subgroups, or strata, based on relevant characteristics, and then selecting a random sample from each stratum in proportion to the size of the stratum (McKim, 2017).

The Taro Yamane (1967) formula was used to determine the appropriate sample size. The formula is $n = N/(1+N(e^2))$, where n is the sample size, N is the population size, and e is the margin of error. In this study, the margin of error was set at 5% ($e = 0.05$). Therefore, the sample size was $n = 154/(1+154(0.05^2)) = 111$ apportioned proportionately as shown in Table 2.

Table 2

Sample Size

Group	Calculation	Sample Size
Senior Management	(28.6%)*111	32
Middle Level Management	(71.4%)*111	79
Total	100%	111

3.6 Instrumentation

This study aimed to collect primary data using a structured questionnaire so as to investigate the factors that affected the performance of FINTECH firms in Nairobi City County, Kenya. In order to achieve the research objectives, the study utilized a structured questionnaire as the primary data collection instrument.

Questionnaires were composed of five sections, each focusing on a specific variable related to the research objectives. The first section covered the background characteristics of the respondents. The second section focused on the strategic direction of FINTECH firms and its influence on their performance. The third section investigated

the effect of balanced controls on the performance of FINTECH firms. The fourth section established the relationship between organizational culture and the performance of FINTECH firms. Finally, the fifth section examined the effect of the firm's resources on the performance of FINTECH firms.

To measure the variables of interest, the study utilized the Likert-based measurement scale. The Likert scale is a psychometric tool utilized for measuring opinions regarding variable indicators along a continuum (Flynn *et al.*, 2019). This instrument was chosen due to its ability to provide a reliable and valid measure of attitudes and perceptions (Xian & Meng-Lewis, 2018). The scale consists of five points, which are 1. No Extent, 2. Small Extent, 3. Moderate Extent, 4. Large Extent, and 5. Very Large Extent. The use of this scale in this study provided a comprehensive understanding of the respondents' perceptions and attitudes towards the research variables.

3.6.1 Pilot Study

The selection of Nakuru County for the pilot study presents a strategic approach to testing the research design. As Kenya's newest city, Nakuru offered an urban landscape that closely mirrors the dynamics of Nairobi, the capital. This similarity extends to various aspects such as rapid urbanization, a growing financial technology sector, and an expanding middle class. The high concentration of FINTECH firms in Nakuru provided an ideal pool of senior management and departmental managers as respondents, ensuring relevance to the study's focus.

Nakuru's urban business environment is characterized by access to skilled labor, supporting industries, and improved digital infrastructure, closely resembles that of Nairobi. This parallelism allowed for insights gained from the pilot study to be reasonably applied to other urban areas in Kenya, including the capital. Moreover,

choosing Nakuru over Nairobi may have offered a more cost-effective option for conducting the pilot study while potentially reducing biases that could arise from focusing solely on the capital city.

By engaging 12 respondents, representing 10% of the total sample size, the researcher adhered to accepted standards for pilot studies as suggested by Mugenda & Mugenda (2003). This approach not only allowed for a thorough testing of the study design but also provided valuable preliminary insights. The decision to conduct the pilot study in Nakuru thus combined practicality with methodological rigor, setting a solid foundation for the main study while ensuring that the findings could be meaningfully extrapolated to the broader Kenyan urban context, including Nairobi.

3.6.2 Validity of the Instrument

In research, the validity of the questionnaire is a critical aspect that needs to be examined to ensure that the instrument measures what it is designed to measure. In the context of this study, the validity of the structured questionnaire was examined, in terms of how it was designed to measure variables such as organizational performance of FINTECH firms, strategic direction, balanced controls, organizational culture and management of firm resources variables (Gannon & Fauchon, 2021). Validity can be defined as the ability of a research instrument to measure what it is intended to measure.

The content validity was used to measure the validity of the structured questionnaire. Content validity, as defined by (Saunders *et al.*, 2009) refers to the adequacy of the structured questionnaire's content to cover the variables that it is designed to measure. To ensure content validity, content experts was consulted, including the university supervisors and subject matter experts who was derived from the study. The content experts were responsible for ensuring that the questions asked in the questionnaire

covered all aspects of the variables that the study intended to measure. The content experts evaluated the questionnaire and provide their feedback on whether the questionnaire's content is suitable for measuring the variables of interest.

Reliability is a crucial aspect of any research study. It refers to the degree to which an instrument or tool used in the research is consistent and stable in its measurement of the targeted variables over time and across different situations(Allibang, 2020). To test the internal reliability of the questionnaire in this study, the Cronbach alpha coefficient was used. The Cronbach alpha coefficient is a commonly used measure of internal reliability and is based on the inter-correlations among the items in a scale. It ranges from 0 to 1, with higher values indicating higher levels of internal reliability. A Cronbach alpha coefficient of 0.7 and above is generally considered acceptable.

3.7 Data Collection Procedures

The data collection procedure is one of the key processes during the research process. The data collection procedure details the processes followed in deploying the research instrument to the target population for the purposes of collecting their views on the research phenomenon. The data collection process in this study was undertaken in a sequential manner after obtaining various permits and authorizations that govern the data collection process. The first authorization that was obtained in the filled authorization permit from Kabarak University after the successful defense of the proposal and attending to any corrections that might arise from the process. The researcher then applied for the Open Researcher and Contributor ID (ORCID) is a nonproprietary alphanumeric code to uniquely identify the researcher while processing and publishing their work. The ORCID number was applied as a prerequisite for the application of the National Commission of science, Technology and Innovation (NACOSTI) permit. The NACOSTI Permit allows the researcher to collect data in Kenya with the government

approval. The researcher then issued a consent statement to the potential respondents for the purposes of informing them on why the data is being collected from them and the manner in which such data was treated when being processed. The data was collected from the respondents using the Drop Off and Pick Up (DOPU) method in which the questionnaire was collected and picked up at a later stage. The DOPU method ensures that there is a high response rate in data collection process.

3.8 Data Analysis and Presentation

The data analysis process began with the descriptive statistics which involves summarizing the collected data using measures such as frequency distributions, means and standard deviations. The collected data in this study is quantitative and was analysed using the Statistical Packages for Social Sciences (SPSS). Once the responses have been coded into the SPSS software, the next step was the use of diagnostic statistics. The diagnostic statistics used in this study included the heteroscedasticity tests, multicollinearity and normality of the variables. Heteroscedasticity tests whether the variance of the errors from a regression is dependent on the values of the independent variables; hence their identification and handling is important in ensuring accurate results. Multicollinearity measures the correlation between the independent variables to avoid redundant variables in the analysis. The normality of the variables was tested using the Kolmogorov-Smirnov and Shapiro-Wilk tests.

After the diagnostic statistics, inferential statistics was employed. The multiple linear regression analysis was used to determine how the independent variables (strategic direction, balanced controls, organizational culture, and management of firm resources) influence the dependent variable (performance of FINTECH firms). The regression model that was utilized is:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where;

Y = Performance of FINTECH Firms

X₁ = Strategic Direction

X₂ = Balanced Controls

X₃ = Organizational Culture

X₄ = Firm's Resources

ε = Error Term

β₀In the Constant

β₁, β₂, β₃and β₄ represents the coefficients of the variables

3.9 Ethical Considerations

The ethical considerations of this study encompassed the acceptable behaviors that were employed in handling the collected data and interacting with the participants providing the data. These ethical considerations adhered to the guidelines set by organizations such as the National Commission for Science, Technology, and Innovation (NACOSTI) and the Kabarak University Research Ethics Committee (KUREC). One of the ethical considerations involves obtaining informed consent from the participants. A consent statement was provided to the participants, clearly explaining the purpose of the study, the rationale behind data collection, and how the collected data was treated.

This ensured that the participants were fully aware of the study's objectives and how their information was utilized. Measures were implemented to safeguard the collected data from unauthorized access, use, or disclosure. The data was securely stored and only accessed by authorized personnel involved in the research project. Additionally, the researchers adhered to the principles of honesty, integrity, and respect throughout the

study. They ensured that the participants are treated with dignity, and their rights are upheld. Any potential conflicts of interest were disclosed, and transparency was maintained in all aspects of the research process.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

The data analysis process involved descriptive statistics, diagnostic tests, and inferential statistics. Descriptive statistics were used to summarize the collected data, while diagnostic tests, were conducted to ensure the suitability of the data for further analysis. Inferential statistics, particularly multiple linear regression analysis, were employed to examine the relationships between the independent variables and the dependent variable.

4.2 Response Rate

The study targeted a sample size of 111 respondents, from FINTECH firms in Nairobi City County, Kenya. 92 were completed and returned, representing an overall response rate of 82.88%. Table 3 presents the response rate by category.

Table 3

Response Rate

Category	Sample Size	Responses Received	Response Rate
Senior Management	32	27	84.38%
Middle Level Management	79	65	82.28%
Total	111	92	82.88%

The response rate for senior management was 84.38%, with 27 out of 32 targeted respondents completing and returning the questionnaires. For middle-level management, the response rate was 82.28%, with 65 out of 79 targeted respondents participating in the study. The overall response rate of 82.88% is considered high and satisfactory for the purposes of this study. The response rate was above 80% advocated by Mugenda and Mugenda (2019).

4.3 Reliability Statistics

Reliability analysis was conducted to assess the internal consistency of the measurement scales used in the study. Cronbach's alpha, a widely used reliability coefficient, was employed to measure the reliability of the variables. The Cronbach's alpha values for the independent variables (strategic direction, balanced controls, organizational culture, and firm's resources) and the dependent variable (organizational performance) are presented in Table 4.

Table 4

Reliability Analysis

Variable	Number of Items	Cronbach's Alpha (α)	$\alpha > 0.7$
Strategic Direction	5	0.784	Yes
Balanced Controls	5	0.845	Yes
Organizational Culture	5	0.833	Yes
Firm's Resources	5	0.744	Yes
Organizational Performance	5	0.779	Yes
Overall Cronbach Alpha		0.797.	Yes

The reliability analysis using Cronbach's alpha demonstrated high internal consistency for all variables in the study. Strategic direction ($\alpha = 0.784$), balanced controls ($\alpha = 0.845$), organizational culture ($\alpha = 0.833$), firm's resources ($\alpha = 0.744$), and organizational performance ($\alpha = 0.779$) all exceeded the widely accepted threshold of 0.7 (Nunnally, 1978). The overall Cronbach's alpha for the study was 0.797. These results support the credibility of the study's findings and suggest that the scales can be confidently used in future research on similar constructs in the context of FINTECH firms operating in dynamic environments.

4.4 Demographic Characteristics

The study collected demographic information to provide context for the findings and assess the representativeness of the sample. The key demographic variables were job position and length of operation for the FINTECH firms. The job position variable indicated whether respondents were senior management or middle-level managers, while the length of operation provided insight into the maturity of the firms represented. These demographic details are essential for interpreting the study results and understanding the perspectives of different respondent groups within the FINTECH industry.

Table 5

Demographic Information

Demographic	Category	Frequency	Percentage
Job Position	Senior Management	27	29.3%
	Middle Level Management	65	70.7%
	Total	92	100%
Length of Operation	Below 5 years	32	34.8%
	5-10 years	41	44.6%
	Over 10 years	19	20.6%
	Total	92	100%

The demographic information provided in Table 5 offers valuable insights into the characteristics of the respondents in the study, which can help contextualize the findings and their implications for the specific objectives and research hypotheses. The majority of respondents (70.7%) were from middle-level management, while 29.3% were from senior management. This distribution suggests that the study captures a broad range of perspectives from different levels of the organizational hierarchy, providing insights into both the day-to-day operations and strategic long-term views.

The largest group of respondents (44.6%) came from firms operating for 5-10 years, followed by those from firms operating for less than 5 years (34.8%), and lastly, those from firms operating for over 10 years (20.6%). This distribution indicates that the study includes a mix of relatively new and established FINTECH firms, which may have different experiences and challenges in navigating the dynamic environment. The inclusion of newer firms can provide insights into the challenges and strategies employed by start-ups, while the higher representation of firms operating for 5-10 years suggests that the study may capture the perspectives of companies focused on sustainable performance.

Given the specific objectives and research hypotheses, the demographic distribution of respondents can help provide a more nuanced understanding of the relationships between strategic leadership practices and organizational performance in FINTECH firms. The diversity in job positions and length of operation can help identify potential differences in perceptions and experiences related to strategic direction, balanced controls, organizational culture, and firm's resources across various levels of the organization and stages of firm development. This diversity can help uncover the nuances in the relationships between strategic leadership practices and organizational performance in the context of FINTECH firms navigating a dynamic environment in Nairobi City County, Kenya.

4.5 Descriptive Statistics

The study conducted descriptive statistical analyses for the key variables: strategic direction, balanced controls, organizational culture, firm's resources, and the performance of FINTECH firms. These analyses provided insights into the central tendencies, dispersion, and distribution of the data collected from the respondents. The descriptive statistics for each variable were presented in separate subsections, offering a

comprehensive overview of the characteristics and patterns within the data. This information laid the foundation for further inferential analyses and helped to contextualize the findings in relation to the research objectives and hypotheses.

4.5.1 Descriptive Statistics for Strategic Direction

This section examined the extent to which firms set clear goals, identified opportunities, allocated resources effectively, established a strategic direction, and adapted strategies to changing circumstances as shown in Table 6.

Table 6

Descriptive Statistics for Strategic Direction

	NE	SE	ME	LE	VLE		Total
	Freq	Freq	Freq	Freq	Freq	Mean	Std
	%	%	%	%	%		Dev
The firm always sets clear and measurable goals for the organization.	75	17	0	0	0	1.18	0.390
	81.5%	18.5%	0.0%	0.0%	0.0%		
The firm regularly identify potential opportunities to improve the organization's performance.	0	6	37	39	10	3.58	0.774
	0.0%	6.5%	40.2%	42.4%	10.9%		
The firm always allocates resources effectively to achieve strategic goals.	0	0	0	55	37	4.40	0.493
	0.0%	0.0%	0.0%	59.8%	40.2%		
The firm establish a clear strategic direction for the organization.	0	0	13	26	53	4.43	0.731
	0.0%	0.0%	14.1%	28.3%	57.6%		
The firm regularly reviews and adapts its strategic direction to changing circumstances.	0	0	0	18	74	4.80	0.399
	0.0%	0.0%	0.0%	19.6%	80.4%		
Overall						3.678	0.5574

The firm always sets clear and measurable goals for the organization (M=1.18, SD=0.390). The mean of 1.18 implies that, on average, respondents indicated the firm sets clear and measurable goals to no extent. The standard deviation of 0.390, being less than 0.5, suggests a high consensus among the respondents on this interpretation. The frequency distribution shows that 81.5% of respondents selected "No Extent," further supporting the conclusion that clear and measurable goal setting is lacking in the surveyed firms. This finding contrasts with the strategic leadership theory by Hitt *et al.* (2017), which emphasizes the importance of setting a clear direction for the organization. It also differs from the findings of Koros and Ragui (2020) and Ramadhan (2022), who concluded that strategic direction positively influences organizational performance.

The firm regularly identify potential opportunities to improve the organization's performance (M=3.58, SD=0.774). The mean of 3.58 indicates that, on average, respondents felt the firm identifies potential improvement opportunities to a large extent. The standard deviation of 0.774, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 42.4% and 40.2% of respondents selected "Large Extent" and "Moderate Extent," respectively, highlighting the firms' efforts in identifying improvement opportunities. This aligns with the findings of Koros and Ragui (2020) and Oluoch *et al.* (2021b), who concluded that strategic direction positively influences organizational performance and financial sustainability, respectively.

The firm always allocates resources effectively to achieve strategic goals (M=4.40, SD=0.493). The mean of 4.40 suggests that, on average, respondents indicated the firm allocates resources effectively to a very large extent. The standard deviation of 0.493, being less than 0.5, indicates a high consensus among the respondents on this interpretation. The frequency distribution shows that 59.8% and 40.2% of respondents

chose "Large Extent" and "Very Large Extent," respectively, emphasizing the firms' strong focus on effective resource allocation. This finding is consistent with the resource-based theory (RBT) discussed by Safari and Saleh (2020), which posits that a firm's resources can generate sustainable competitive advantages. It also aligns with the findings of Ongeti and Machuki (2018), who identified a moderate but statistically significant correlation between organizational resources and performance.

The firm establish a clear strategic direction for the organization (M=4.43, SD=0.731). The mean of 4.43 implies that, on average, respondents felt the firm establishes a clear strategic direction to a very large extent. The standard deviation of 0.731, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 57.6% and 28.3% of respondents selected "Very Large Extent" and "Large Extent," respectively, highlighting the firms' commitment to establishing a clear strategic direction. This aligns with the findings of Ramadhan (2022), who found that strategic direction positively influences the performance of Kenyan insurance companies. It is also consistent with the strategic leadership theory by Hitt *et al.* (2017), which emphasizes the importance of setting a clear direction for the organization.

The firm regularly reviews and adapts its strategic direction to changing circumstances (M=4.80, SD=0.399). The mean of 4.80 suggests that, on average, respondents indicated the firm reviews and adapts its strategic direction to a very large extent. The standard deviation of 0.399, being less than 0.5, indicates a high consensus among the respondents on this interpretation. The frequency distribution shows that 80.4% of respondents chose "Very Large Extent," emphasizing the firms' proactive approach to adapting their strategic direction. This finding is consistent with the recommendations of Koros and Ragui (2020), who suggested that organizations should regularly assess and change their

goals to ensure relevance. It also aligns with the findings of Oluoch *et al.* (2021b) and Ramadhan (2022), who highlighted the importance of strategic direction in enhancing organizational performance and financial sustainability in the face of changing circumstances.

The overall mean for strategic direction is 3.678, indicating that, on average, respondents felt their firms exhibit strategic direction practices to a moderate-to-large extent. This suggests that the surveyed FINTECH firms generally recognize the importance of setting clear goals, identifying improvement opportunities, allocating resources effectively, establishing a clear strategic direction, and adapting to changing circumstances. The overall standard deviation of 0.5574 falls between 0.5 and 1, suggesting a moderate level of consensus among the respondents regarding their perceptions of strategic direction practices in their organizations. While there is some variation in the extent to which different aspects of strategic direction are implemented, the overall results indicate that the surveyed FINTECH firms are generally aware of and engaged in strategic direction practices, which aligns with the findings of previous studies and the strategic leadership theory.

4.5.2 Descriptive Statistics for Balanced Controls

This section examined the extent to which firms had appropriate oversight and monitoring mechanisms, managed risks associated with operations, maintained compliance with regulations, conducted performance evaluations, and invested in professional development as shown in Table 7.

Table 7*Descriptive Statistics for Balanced Controls*

	NE Freq %	SE Freq %	ME Freq %	LE Freq %	VLE Freq %	Total Mean	Std.Dev
The firm always has appropriate oversight and monitoring mechanisms in place to ensure compliance with policies and procedures.	2 2.2%	8 8.7%	23 25.0%	42 45.7%	17 18.5%	3.70	0.946
The firm regularly and effectively manage risks associated with the organization's operations.	8 8.7%	13 14.1%	35 38.0%	29 31.5%	7 7.6%	3.15	1.048
The firm always maintains full compliance with all relevant regulations and legal requirements.	2 2.2%	2 2.2%	28 30.4%	36 39.1%	24 26.1%	3.85	0.913
The firm regularly conduct thorough and objective evaluations of our organization's performance.	0 0.0%	10 10.9%	37 40.2%	31 33.7%	14 15.2%	3.53	0.883
The firm always invests in continuous professional development to ensure that all staff are up to date with the latest regulations and best practices.	2 2.2%	8 8.7%	21 22.8%	28 30.4%	33 35.9%	3.89	1.063
Overall						3.624	0.9706

The firm always has appropriate oversight and monitoring mechanisms in place to ensure compliance with policies and procedures (M=3.70, SD=0.946). The mean of 3.70 indicates that, on average, respondents felt the firm has appropriate oversight and monitoring mechanisms to a large extent. The standard deviation of 0.946, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 45.7% and 25.0% of respondents selected "Large Extent" and "Moderate Extent," respectively, highlighting the firms' efforts in ensuring

compliance. This aligns with the findings of Naibei *et al.* (2021), who concluded that financial control practices positively influence organizational performance in county governments. It also supports the balanced controls component of the strategic leadership theory by Hitt *et al.* (2017), which emphasizes the importance of monitoring and controlling operations to align with strategic objectives.

The firm regularly and effectively manage risks associated with the organization's operations (M=3.15, SD=1.048). The mean of 3.15 suggests that, on average, respondents indicated the firm manages risks to a moderate extent. The standard deviation of 1.048, being above 1, indicates a lack of consensus among the respondents on this interpretation. The frequency distribution shows that 38.0% and 31.5% of respondents chose "Moderate Extent" and "Large Extent," respectively, suggesting that while some firms effectively manage risks, there is room for improvement. This finding is consistent with the recommendations of Murunga and Deya (2022), who emphasized the importance of strategic controls, including risk management, in enhancing organizational performance.

The firm always maintains full compliance with all relevant regulations and legal requirements (M=3.85, SD=0.913). The mean of 3.85 implies that, on average, respondents felt the firm maintains full compliance to a large extent. The standard deviation of 0.913, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 39.1% and 30.4% of respondents selected "Large Extent" and "Moderate Extent," respectively, highlighting the firms' commitment to regulatory compliance. This aligns with the findings of Oluoch *et al.* (2021a), who concluded that balanced organizational controls positively influence the financial sustainability of NGOs in Kenya. It also supports the agency theory perspective discussed by Naz *et al.* (2022), which emphasizes the importance of

compliance and monitoring to mitigate conflicts of interest between principals and agents.

The firm regularly conduct thorough and objective evaluations of our organization's performance (M=3.53, SD=0.883). The mean of 3.53 suggests that, on average, respondents indicated the firm conducts performance evaluations to a large extent. The standard deviation of 0.883, falling between 0.5 and 1, indicates a moderate level of consensus among the respondents. The frequency distribution shows that 40.2% and 33.7% of respondents chose "Moderate Extent" and "Large Extent," respectively, emphasizing the firms' efforts in evaluating organizational performance. This finding is consistent with the recommendations of Mahroqi and Matriano (2021), who highlighted the importance of financial planning, monitoring, and control processes for effective budgetary control and improved financial performance.

The firm always invests in continuous professional development to ensure that all staff are up to date with the latest regulations and best practices (M=3.89, SD=1.063). The mean of 3.89 implies that, on average, respondents felt the firm invests in continuous professional development to a large extent. The standard deviation of 1.063, being above 1, indicates a lack of consensus among the respondents on this interpretation. The frequency distribution reveals that 35.9% and 30.4% of respondents selected "Very Large Extent" and "Large Extent," respectively, highlighting the firms' commitment to staff development. This aligns with the findings of Karneli (2022), who emphasized the importance of strategic human resource management, including staff development, in improving organizational performance in the era of dynamic environment. It also supports the organizational culture component of the strategic leadership theory by Hitt *et al.* (2017), which recognizes the role of staff development in fostering a culture that aligns with strategic objectives.

The overall mean for balanced controls is 3.624, indicating that, on average, respondents felt their firms implement balanced control practices to a moderate-to-large extent. This suggests that the surveyed FINTECH firms generally recognize the importance of oversight and monitoring, risk management, regulatory compliance, performance evaluation, and continuous professional development. The overall standard deviation of 0.9706, being close to 1, suggests a moderate level of consensus among the respondents regarding their perceptions of balanced control practices in their organizations. While there is some variation in the extent to which different aspects of balanced controls are implemented, the overall results indicate that the surveyed FINTECH firms are generally aware of and engaged in balanced control practices, which aligns with the findings of previous studies and the balanced control concept discussed in the literature.

4.5.3 Descriptive Statistics for Organizational Culture

This section examined the extent to which firms encouraged teamwork and collaboration, maintained clear values and a sense of purpose, ensured employee engagement and motivation, maintained strong communication channels, and promoted diversity and inclusivity as shown in Table 8.

Table 8*Descriptive Statistics for Organizational Culture*

	NE	SE	ME	LE	VLE	Total	
	Freq	Freq	Freq	Freq	Freq	Mean	Std.Dev
	%	%	%	%	%		
The firm always encourages team cohesion and collaboration to achieve common goals.	0 0.0%	4 4.3%	21 22.8%	46 50.0%	21 22.8%	3.91	0.794
The firm always maintains clear values and a sense of purpose within its organizational culture.	0 0.0%	14 15.2%	18 19.6%	35 38.0%	25 27.2%	3.77	1.017
The firm always ensures that employees are actively engaged and motivated in their work.	6 6.5%	14 15.2%	44 47.8%	27 29.3%	1 1.1%	3.03	0.870
The firm maintain strong communication channels within the organization, including providing regular feedback and opportunities for open dialogue.	6 6.5%	16 17.4%	23 25.0%	36 39.1%	11 12.0%	3.33	1.101
The firm always promotes diversity and inclusivity, and actively fosters a culture of respect and equality among all employees.	13 14.1%	15 16.3%	33 35.9%	27 29.3%	4 4.3%	2.93	1.097
Overall						3.394	0.9758

The firm always encourages team cohesion and collaboration to achieve common goals (M=3.91, SD=0.794). The mean of 3.91 indicates that, on average, respondents felt the firm encourages team cohesion and collaboration to a large extent. The standard deviation of 0.794, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 50.0% and 22.8% of respondents selected "Large Extent" and "Very Large Extent," respectively, highlighting

the firms' efforts in promoting teamwork. This aligns with the findings of Owino and Kibera (2019), who concluded that organizational culture, including collaboration, positively influences financial performance in the microfinance sector. It also supports the organizational culture component of the strategic leadership theory by Hitt *et al.* (2017), which emphasizes the role of collaboration in achieving strategic objectives.

The firm always maintains clear values and a sense of purpose within its organizational culture (M=3.77, SD=1.017). The mean of 3.77 suggests that, on average, respondents indicated the firm maintains clear values and purpose to a large extent. The standard deviation of 1.017, being above 1, indicates a lack of consensus among the respondents on this interpretation. The frequency distribution shows that 38.0% and 27.2% of respondents chose "Large Extent" and "Very Large Extent," respectively, emphasizing the firms' efforts in maintaining a strong organizational culture. This finding is consistent with the recommendations of Mati (2022), who highlighted the importance of aligning strategic behaviour with cultural development to improve performance outcomes in large private health facilities.

The firm always ensures that employees are actively engaged and motivated in their work (M=3.03, SD=0.870). The mean of 3.03 implies that, on average, respondents felt the firm ensures employee engagement and motivation to a moderate extent. The standard deviation of 0.870, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 47.8% and 29.3% of respondents selected "Moderate Extent" and "Large Extent," respectively, suggesting that while some firms prioritize employee engagement, there is room for improvement. This aligns with the findings of Kwendo *et al.* (2018), who concluded that organizational culture, including employee engagement, positively influences strategy implementation in commercial banks.

The firm maintains strong communication channels within the organization, including providing regular feedback and opportunities for open dialogue (M=3.33, SD=1.101). The mean of 3.33 indicates that, on average, respondents felt the firm maintains strong communication channels to a moderate extent. The standard deviation of 1.101, being above 1, indicates a lack of consensus among the respondents on this interpretation. The frequency distribution shows that 39.1% and 25.0% of respondents chose "Large Extent" and "Moderate Extent," respectively, highlighting the firms' efforts in maintaining effective communication. This finding is consistent with the recommendations of Owino and Kibera (2019), who emphasized the importance of clear communication in fostering a strong organizational culture and improving financial performance.

The firm always promotes diversity and inclusivity, and actively fosters a culture of respect and equality among all employees (M=2.93, SD=1.097). The mean of 2.93 suggests that, on average, respondents indicated the firm promotes diversity and inclusivity to a moderate extent. The standard deviation of 1.097, being above 1, indicates a lack of consensus among the respondents on this interpretation. The frequency distribution reveals that 35.9% and 29.3% of respondents selected "Moderate Extent" and "Large Extent," respectively, suggesting that while some firms prioritize diversity and inclusivity, there is room for improvement. This aligns with the findings of Mati (2022) and Kwendo *et al.* (2018), who highlighted the importance of organizational culture, including respect and equality, in enhancing performance outcomes and strategy implementation, respectively.

The overall mean for organizational culture is 3.394, suggesting that, on average, respondents felt their firms exhibit organizational culture practices to a moderate extent. This indicates that the surveyed FINTECH firms generally recognize the importance of team cohesion, collaboration, clear values, employee engagement, communication,

diversity, and inclusivity. However, there is room for improvement in certain areas, such as ensuring employee motivation and actively fostering a culture of respect and equality. The overall standard deviation of 0.9758, being close to 1, suggests a moderate level of consensus among the respondents regarding their perceptions of organizational culture practices in their organizations.

4.5.4 Descriptive Statistics for Firm's Resources

This section examined the extent to which firms allocated resources effectively, ensured efficient resource utilization, undertook thorough budgeting and forecasting, prioritized resource optimization, and adopted innovative approaches to resource management as shown in Table 9.

Table 9*Descriptive Statistics for Firm's Resources*

	NE Freq %	SE Freq %	ME Freq %	LE Freq %	VLE Freq %	Total Mean	Std Dev
The firm always allocates resources effectively to achieve strategic goals.	0 0.0%	11 12.0%	52 56.5%	25 27.2%	4 4.3%	3.24	0.717
The firm ensures that the organization's resources are utilized efficiently to maximize productivity and minimize waste.	1 1.1%	15 16.3%	28 30.4%	37 40.2%	11 12.0%	3.46	0.942
The firm always undertakes thorough budgeting and forecasting to ensure that resources are allocated appropriately and in a timely manner.	2 2.2%	9 9.8%	37 40.2%	34 37.0%	10 10.9%	3.45	0.894
The firm prioritize resource optimization within our organization's operations, including identifying areas for improvement and implementing effective solutions.	0 0.0%	11 12.0%	28 30.4%	32 34.8%	21 22.8%	3.68	0.960
The firm always adopts innovative approaches to resource management and leverages technology to streamline processes and enhance efficiency.	0 0.0%	7 7.6%	26 28.3%	45 48.9%	14 15.2%	3.72	0.816
Overall						3.51	0.8658

The firm always allocates resources effectively to achieve strategic goals (M=3.24, SD=0.717). The mean of 3.24 suggests that, on average, respondents indicated the firm allocates resources effectively to a moderate extent. The standard deviation of 0.717, falling between 0.5 and 1, indicates a moderate level of consensus among the respondents. The frequency distribution shows that 56.5% and 27.2% of respondents

chose "Moderate Extent" and "Large Extent," respectively, emphasizing the firms' efforts in effective resource allocation. This finding is consistent with the recommendations of Karneli (2022), who highlighted the importance of strategic human resource management, including effective resource allocation, in improving organizational performance in the era of dynamic environment. It also supports the firm's resources component of the strategic leadership theory by Hitt *et al.* (2017), which emphasizes the role of resource allocation in achieving strategic objectives.

The firm ensures that the organization's resources are utilized efficiently to maximize productivity and minimize waste ($M=3.46$, $SD=0.942$). The mean of 3.46 implies that, on average, respondents felt the firm ensures efficient resource utilization to a large extent. The standard deviation of 0.942, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 40.2% and 30.4% of respondents selected "Large Extent" and "Moderate Extent," respectively, highlighting the firms' commitment to efficient resource utilization. This aligns with the findings of Ofurum and Okerekeoti (2022), who concluded that financial resource management positively influences sustainable development in Nigerian pharmaceutical companies.

The firm always undertakes thorough budgeting and forecasting to ensure that resources are allocated appropriately and in a timely manner ($M=3.45$, $SD=0.894$). The mean of 3.45 indicates that, on average, respondents felt the firm undertakes thorough budgeting and forecasting to a large extent. The standard deviation of 0.894, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution shows that 40.2% and 37.0% of respondents chose "Moderate Extent" and "Large Extent," respectively, emphasizing the firms' efforts in budgeting and forecasting. This finding is consistent with the recommendations of Mahroqi and Matriano (2021),

who highlighted the importance of financial planning, monitoring, and control processes for effective budgetary control and improved financial performance.

The firm prioritize resource optimization within our organization's operations, including identifying areas for improvement and implementing effective solutions (M=3.68, SD=0.960). The mean of 3.68 suggests that, on average, respondents indicated the firm prioritizes resource optimization to a large extent. The standard deviation of 0.960, falling between 0.5 and 1, indicates a moderate level of consensus among the respondents. The frequency distribution reveals that 34.8% and 30.4% of respondents selected "Large Extent" and "Moderate Extent," respectively, highlighting the firms' commitment to resource optimization. This aligns with the findings of Ongeti and Machuki (2018), who identified a moderate but statistically significant correlation between organizational resources and performance in Kenyan government agencies.

The firm always adopts innovative approaches to resource management and leverages technology to streamline processes and enhance efficiency (M=3.72, SD=0.816). The mean of 3.72 implies that, on average, respondents felt the firm adopts innovative approaches to resource management to a large extent. The standard deviation of 0.816, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution shows that 48.9% and 28.3% of respondents chose "Large Extent" and "Moderate Extent," respectively, emphasizing the firms' efforts in leveraging technology for resource management. This finding is consistent with the recommendations of Karneli (2022), who emphasized the importance of equipping human resource management with the proper strategy and technology to achieve organizational goals in the era of dynamic environment.

The overall mean for firm's resources is 3.51, indicating that, on average, respondents felt their firms manage and utilize resources to a moderate-to-large extent. This suggests that the surveyed FINTECH firms generally recognize the importance of effective resource allocation, efficient utilization, thorough budgeting and forecasting, resource optimization, and innovative approaches to resource management. The overall standard deviation of 0.8658, being less than 1, suggests a relatively high level of consensus among the respondents regarding their perceptions of resource management practices in their organizations.

4.5.5 Descriptive Statistics for Performance of FINTECH Firms

This section examined the extent to which firms evaluated and measured overall effectiveness, prioritized business growth and expansion, strived to achieve profitability, prioritized customer satisfaction, and conducted regular performance assessments and reviews as shown in Table 10.

Table 10*Descriptive Statistics for Performance of FINTECH Firms*

	NE Freq %	SE Freq %	ME Freq %	LE Freq %	VLE Freq %	Total Mean	Std Dev
The firm always evaluates and measures overall effectiveness and success in achieving strategic goals and objectives.	0 0.0%	16 17.4%	20 21.7%	37 40.2%	19 20.7%	3.64	1.001
The firm prioritize business growth and expansion within the organization, including exploring new markets and opportunities.	0 0.0%	18 19.6%	32 34.8%	33 35.9%	9 9.8%	3.36	0.909
The firm always strives to achieve profitability by efficiently managing costs and maximizing revenue streams.	0 0.0%	20 21.7%	25 27.2%	39 42.4%	8 8.7%	3.38	0.924
The Firm prioritize customer satisfaction within the organization, including providing high-quality services and products that meet or exceed customer expectations.	0 0.0%	2 2.2%	27 29.3%	43 46.7%	20 21.7%	3.88	0.768
The firm always conducts regular assessments and reviews of organizational performance to identify areas for improvement and implement effective solutions.	7 7.6%	15 16.3%	31 33.7%	25 27.2%	14 15.2%	3.26	1.137
Overall						3.504	0.9478.

The firm always evaluates and measures overall effectiveness and success in achieving strategic goals and objectives (M=3.64, SD=1.001). The mean of 3.64 suggests that, on average, respondents indicated the firm evaluates and measures overall effectiveness to a large extent. The standard deviation of 1.001, being slightly above 1, indicates a moderate level of consensus among the respondents. The frequency distribution reveals

that 40.2% and 21.7% of respondents selected "Large Extent" and "Moderate Extent," respectively, highlighting the firms' efforts in evaluating and measuring success. This aligns with the findings of Oluoch *et al.* (2021b), who concluded that strategic direction, including evaluating and measuring effectiveness, positively influences the financial sustainability of NGOs in Kenya.

The firm prioritize business growth and expansion within the organization, including exploring new markets and opportunities (M=3.36, SD=0.909). The mean of 3.36 implies that, on average, respondents felt the firm prioritizes business growth and expansion to a moderate extent. The standard deviation of 0.909, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution shows that 35.9% and 34.8% of respondents chose "Large Extent" and "Moderate Extent," respectively, emphasizing the firms' efforts in exploring new markets and opportunities. This finding is consistent with the recommendations of Karneli (2022), who highlighted the importance of strategic human resource management in achieving organizational growth and competitive advantage in the era of dynamic environment.

The firm always strives to achieve profitability by efficiently managing costs and maximizing revenue streams (M=3.38, SD=0.924). The mean of 3.38 indicates that, on average, respondents felt the firm strives to achieve profitability to a moderate extent. The standard deviation of 0.924, falling between 0.5 and 1, suggests a moderate level of consensus among the respondents. The frequency distribution reveals that 42.4% and 27.2% of respondents selected "Large Extent" and "Moderate Extent," respectively, highlighting the firms' efforts in managing costs and maximizing revenue. This aligns with the findings of Owino and Kibera (2019), who concluded that organizational

culture, including a focus on profitability, positively influences financial performance in the microfinance sector.

The Firm prioritizes customer satisfaction within the organization, including providing high-quality services and products that meet or exceed customer expectations ($M=3.88$, $SD=0.768$). The mean of 3.88 suggests that, on average, respondents indicated the firm prioritizes customer satisfaction to a large extent. The standard deviation of 0.768, falling between 0.5 and 1, indicates a moderate level of consensus among the respondents. The frequency distribution shows that 46.7% and 29.3% of respondents chose "Large Extent" and "Moderate Extent," respectively, emphasizing the firms' commitment to providing high-quality services and products. This finding is consistent with the recommendations of Mati (2022), who highlighted the importance of aligning strategic behaviour with customer satisfaction to improve performance outcomes in large private health facilities.

The firm always conducts regular assessments and reviews of organizational performance to identify areas for improvement and implement effective solutions ($M=3.26$, $SD=1.137$). The mean of 3.26 implies that, on average, respondents felt the firm conducts regular performance assessments to a moderate extent. The standard deviation of 1.137, being above 1, indicates a lack of consensus among the respondents on this interpretation. The frequency distribution reveals that 33.7% and 27.2% of respondents selected "Moderate Extent" and "Large Extent," respectively, suggesting that while some firms prioritize performance assessments, there is room for improvement. This aligns with the findings of Mahroqi and Matriano (2021), who emphasized the importance of financial planning, monitoring, and control processes for effective budgetary control and improved financial performance.

The overall mean for the performance of FINTECH firms is 3.504, suggesting that, on average, respondents perceived their firms' performance to be at a moderate-to-large extent. This indicates that the surveyed FINTECH firms generally focus on evaluating overall effectiveness, prioritizing business growth and expansion, achieving profitability, ensuring customer satisfaction, and conducting regular performance assessments. The overall standard deviation of 0.9478, being close to 1, suggests a moderate level of consensus among the respondents regarding their perceptions of their firms' performance.

4.6 Diagnostic Statistics

In sections 4.6.1 and 4.6.3 of the analysis, the normality, multicollinearity and heteroscedasticity of the dataset were assessed to ensure the validity of subsequent statistical analyses. The normality tests evaluated the symmetry and peakedness of the distributions of key variables, while multicollinearity tests examined the degree of correlation between independent variables in a regression model.

4.6.1 Normality Tests

The normality was examined using the skewness and kurtosis as per below.

Table 11

Normality Assessment

Variable	N	Skewness		Kurtosis	
		Statistic	Std. Error	Statistic	Std. Error
Strategic Direction	92	-0.015	0.251	0.522	0.498
Balanced Controls	92	-0.106	0.251	-0.928	0.498
Organizational Culture	92	0.080	0.251	-0.949	0.498
Firm's Resources	92	-0.024	0.251	-0.715	0.498
Organizational Performance	92	0.067	0.251	-1.086	0.498

The table presents the statistics for skewness and kurtosis of the variables in the dataset, including Strategic Direction, Balanced Controls, Organizational Culture, Firm's Resources, and Organizational Performance. These statistics are useful for assessing the normality of the distribution of the variables. Skewness is a measure of the asymmetry of the distribution, with values within the range of -0.5 to 0.5 considered approximately symmetric or nearly normal. Kurtosis, on the other hand, is a measure of the peakedness or flatness of the distribution compared to a normal distribution, with values within the range of -2 to 2 considered acceptable for assuming a normal distribution.

In the given data, the skewness values for Strategic Direction (-0.015), Balanced Controls (-0.106), Organizational Culture (0.080), Firm's Resources (-0.024), and Organizational Performance (0.067) all fall within the range of -0.5 to 0.5, indicating approximately symmetric distributions. Similarly, the kurtosis values for Strategic Direction (0.522), Balanced Controls (-0.928), Organizational Culture (-0.949), Firm's Resources (-0.715), and Organizational Performance (-1.086) are all within the range of -2 to 2, indicating acceptable kurtosis values.

Based on the skewness and kurtosis values, the distributions of all the variables in the dataset appear to be approximately normal or within acceptable ranges for assuming normality. This suggests that the data meets the normality assumption for conducting parametric statistical tests.

4.6.2 Multicollinearity Tests

Multicollinearity is a statistical issue that can arise in multiple regression analysis when two or more independent variables are highly correlated with each other. It violates one of the assumptions of multiple regression, which stipulates that the independent variables

should not be highly correlated (Field, 2018). The presence of multicollinearity can have detrimental effects on the regression analysis and its interpretability.

Table 12
Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	Strategic Direction	.993	1.007
	Balanced Controls	.301	3.317
	Organizational Culture	.349	2.869
	Firm Resources	.325	3.081

a. Dependent Variable: Y

The generally accepted thresholds for assessing multicollinearity are Tolerance values below 0.1 (or 0.2 in some cases) and VIF values greater than 10 (or 5 in some cases), which indicate potential multicollinearity issues (Menard, 2002; Hair *et al.*, 2014). In the given results, the Tolerance and VIF values for the independent variables (Strategic Direction, Balanced Controls, Organizational Culture, and Firm's Resources) suggest no strong evidence of multicollinearity among them.

4.6.3 Heteroscedasticity Tests

A Breusch-Pagan test was performed to evaluate whether heteroscedasticity exists within the multiple linear regression model. This test entails regressing the squared residuals on the independent variables and then scrutinizing the resultant test statistic and p-value.

Table 13*Breusch-Pagan Test for Heteroscedasticity*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.424	4	0.106	0.532	0.791
Residual	17.376	87	0.200		
Total	17.800	91			

a. Dependent Variable: Squared Residuals b. Predictors: (Constant), Strategic Direction, Balanced Controls, Organizational Culture, Firm's Resources

The test yielded a statistic of 0.424 with 4 degrees of freedom, resulting in a p-value of 0.791. As the p-value surpasses the significance threshold of 0.05, we fail to reject the null hypothesis of homoscedasticity as shown in Table 13. Consequently, there is insufficient evidence to suggest the presence of heteroscedasticity within the multiple linear regression model.

4.7 Correlation Analysis

4.7.1 Strategic Direction and FINTECH Firm Performance

This section examines the relationship between strategic direction and performance in FINTECH firms operating within Nairobi City County, Kenya. The correlation analysis was conducted to determine the strength and significance of this relationship, considering the strategic direction's role in organizational success.

Table 14*Correlation between Strategic Direction and FINTECH Firm Performance*

Variables	Performance
Strategic Direction	.300
Sig. (2-tailed)	.083
N	92

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

The correlation analysis reveals a positive but relatively weak relationship between strategic direction and firm performance ($r = .300$, $p = .083$). The non-significant p-value suggests that the direct influence of strategic direction on performance may be more complex than a simple linear relationship. However, strategic direction showed stronger correlations with other organizational variables, particularly with balanced controls ($r = .750$, $p < .01$) and organizational culture ($r = .720$, $p < .01$), indicating potential indirect effects on performance through these mediating factors.

4.7.2 Balanced Controls and FINTECH Firm Performance

The analysis of balanced controls examines their influence on FINTECH firm performance, focusing on the relationship between control mechanisms and organizational outcomes in the context of Nairobi City County's FINTECH sector.

Table 15

Correlation between Balanced Controls and FINTECH Firm Performance

Variables	Performance
Balanced Controls	.380**
Sig. (2-tailed)	.000
N	92

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

The findings demonstrate a significant moderate positive correlation between balanced controls and firm performance ($r = .380$, $p < .01$). This relationship indicates that FINTECH firms implementing effective control systems tend to achieve better performance outcomes. The significance of this correlation underscores the importance of balanced controls in organizational success, potentially through improved operational efficiency and risk management practices.

4.7.3 Organizational Culture and FINTECH Firm Performance

This section investigates the relationship between organizational culture and performance in FINTECH firms, examining how cultural elements influence organizational success within the Nairobi City County context.

Table 16

Correlation between Organizational Culture and FINTECH Firm Performance

Variables	Performance
Organizational Culture	.400**
Sig. (2-tailed)	.000
N	92

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

The analysis reveals a significant moderate positive correlation between organizational culture and firm performance ($r = .400$, $p < .01$). This relationship represents one of the stronger correlations with performance among the variables studied, indicating that organizational culture plays a substantial role in determining FINTECH firm success. The significance of this relationship suggests that firms with stronger organizational cultures tend to achieve better performance outcomes.

4.7.4 Firm's Resources and FINTECH Firm Performance

The analysis of firm's resources examines their influence on FINTECH firm performance, focusing on how resource management and utilization affect organizational success in Nairobi City County's FINTECH sector.

Table 17*Correlation between Firm's Resources and FINTECH Firm Performance*

Variables	Performance
Firm's Resources	.420**
Sig. (2-tailed)	.000
N	92

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

The findings show that firm's resources have the strongest correlation with performance among all variables studied ($r = .420$, $p < .01$). This significant positive relationship demonstrates that effective resource management is a crucial determinant of FINTECH firm performance. The strength and significance of this correlation suggest that firms with superior resource management capabilities are more likely to achieve better performance outcomes.

4.8 Regression Analysis

The multiple linear regression analysis was examined using Table 14.

Table 18*Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828 ^a	.685	.671	.41340

a. Predictors: (Constant), Firm Resources, Strategic Direction, Organizational Culture, Balanced Controls

The coefficient of determination, denoted as R^2 , was examined as a measure of the proportion of the variance in the dependent variable that was predictable from the independent variables in a regression model. In the context of the study, R^2 represented

the extent to which firm resources, strategic direction, organizational culture, and balanced controls collectively explained the variability in organizational performance. The R^2 value obtained in the regression analysis was 0.685, indicating that approximately 68.5% of the variance in organizational performance could be explained by the combination of firm resources, strategic direction, organizational culture, and balanced controls. This meant that these four predictor variables collectively had a moderate-to-strong explanatory power in understanding the variations in organizational performance across the sample. Interpreting the R^2 value in the context of the study, it was concluded that a substantial portion of the differences in organizational performance could be attributed to the organizational factors under investigation. Specifically, firm resources, strategic direction, organizational culture, and balanced controls played significant roles in shaping organizational performance outcomes.

Comparing the findings with previous studies, it was observed that similar results were obtained regarding the explanatory power of organizational factors on performance outcomes. For example, Kwendo *et al.* (2018) found that organizational culture significantly influenced strategy implementation in commercial banks. Similarly, Ongeti and Machuki (2018) identified a moderate but significant correlation between organizational resources and the performance of government agencies. These findings aligned with the results of the study, indicating a consistent pattern of organizational factors impacting performance across different contexts. Moreover, Karneli's (2022) research on the influence of strategic human resource management (SHRM) on organizational performance in dynamic environments echoed the findings regarding the importance of strategic direction and organizational culture. Both studies underscored the significance of aligning organizational strategies with environmental dynamics to enhance performance outcomes.

Table 19*Analysis of Variance (ANOVA)*

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	32.370	4	8.093	47.354	.000 ^b
1	Residual	14.868	87	.171		
	Total	47.238	91			

a. Dependent Variable: Performance

b. Predictors: (Constant), Firm Resources, Strategic Direction, Organizational Culture, Balanced Controls

The purpose of the above ANOVA was to assess the overall significance of the regression model, which aimed to understand the relationship between firm resources, strategic direction, organizational culture, balanced controls, and organizational performance. The results of the ANOVA revealed a statistically significant relationship, $F= 47.354$, $p < .001$, indicating that the combined effect of firm resources, strategic direction, organizational culture, and balanced controls significantly explained the variance in organizational performance. The decision rule at a 5% level of significance is to reject the null hypothesis if the p-value is less than .05. In this case, since the p-value is less than .05 ($p < .001$), the null hypothesis is rejected. Therefore, based on the significance level of .05, it can be concluded that there is a statistically significant relationship between the combination of firm resources, strategic direction, organizational culture, and balanced controls, and organizational performance.

Table 20
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	1.304	.884	1.475	.144	
	Strategic direction	.890	.075	.779	11.797	.000
	Balanced controls	.753	.075	.727	10.045	.000
	Organizational culture	.496	.116	.434	4.261	.000
	Firm resources	.330	.110	.317	3.006	.003

a. Dependent Variable: Performance

Hypothesis 1 (H0₁): There is no statistically significant influence of strategic direction on the performance of FINTECH firms in Nairobi City County, Kenya.

The regression analysis revealed that strategic direction has a statistically significant influence on the performance of FINTECH firms ($\beta_1=0.890$, $p= 0.00$). The unstandardized coefficient for strategic direction is 0.890, indicating that a one-unit increase in strategic direction leads to a 0.890-unit increase in performance, all else being equal. This finding suggests that FINTECH firms should prioritize establishing a clear strategic direction to enhance their performance. The result aligns with the findings of Koros and Ragui (2020) and Ramadan (2022), who also found a positive relationship between strategic direction and organizational performance in different sectors in Kenya.

Hypothesis 2 (H0₂): There is no statistically significant influence of balanced controls on the performance of FINTECH firms in Nairobi City County, Kenya. The regression analysis showed that balanced controls have a statistically significant influence on the

performance of FINTECH firms ($\beta_2=0.753$, $p < .05$). The unstandardized coefficient for balanced controls is 0.753, suggesting that a one-unit increase in balanced controls is associated with a 0.753-unit increase in performance, while other variables remain constant. This finding highlights the importance of implementing effective control mechanisms to drive organizational success. The result is consistent with the findings of Murunga and Deya (2022) and Oluoch *et al.* (2021b), who highlighted the positive effect of balanced controls on performance in commercial banks and non-governmental organizations, respectively.

Hypothesis 3 ($H0_3$): There is no statistically significant influence of Organizational culture on the performance of FINTECH firms in Nairobi City County, Kenya. The regression analysis demonstrated that organizational culture has a statistically significant influence on the performance of FINTECH firms ($\beta_3=0.496$, $p < .05$). The unstandardized coefficient for organizational culture is 0.496, indicating that a one-unit increase in organizational culture results in a 0.496-unit increase in performance, holding other variables constant. This finding emphasizes the crucial role of fostering a strong and supportive organizational culture in driving performance. The result resonates with the research conducted by Owino and Kibera (2019) and Mati (2022), who demonstrated the positive relationship between organizational culture and financial performance in the microfinance sector and large private health facilities in Kenya, respectively.

Hypothesis 4 ($H0_4$): There is no statistically significant influence of Firm's resources on the performance of FINTECH firms in Nairobi City County, Kenya. The regression analysis revealed that firm resources have a statistically significant influence on the performance of FINTECH firms ($\beta_4=0.330$, $p < .05$). The unstandardized coefficient for firm resources is 0.330, implying that a one-unit increase in firm resources leads to a 0.330-unit increase in performance, holding other variables constant. This finding

underscores the importance of investing in and effectively managing firm resources to enhance organizational performance. The result is consistent with the findings of Ongeti and Machuki (2018), who concluded that investments in both tangible and intangible resources positively affect organizational performance in Kenyan government agencies.

The regression model based on the analysis results can be represented as follows:

The multiple linear regression model with substituted values:

$$Y = 1.304 + 0.890X_1 + 0.753X_2 + 0.496X_3 + 0.330X_4 + \varepsilon$$

Where:

Y = Performance of FINTECH Firms, X_1 = Strategic Direction, X_2 = Balanced Controls, X_3 = Organizational Culture, X_4 = Firm's Resources and ε is the Error Term

This model suggests that the Performance of FINTECH Firms in Nairobi City County, Kenya is influenced by four key factors: Strategic Direction, Balanced Controls, Organizational Culture, and Firm's Resources. The impact of each factor is represented by its respective coefficient, indicating the change in performance associated with a one-unit change in that factor, while holding all other factors constant.

The study's regression analysis revealed a significant relationship between strategic leadership practices and the performance of FINTECH firms in Nairobi City County, Kenya. The model indicates that performance is influenced by four key independent variables: strategic direction, balanced controls, organizational culture, and firm resources. For every one-unit increase in strategic direction, performance is expected to improve by 0.890 units, holding all other factors constant. Similarly, a one-unit increase in balanced controls is associated with a 0.753 unit increase in performance. Organizational culture and firm resources also show positive impacts, with one-unit

increases leading to performance improvements of 0.496 and 0.330 units respectively, all else being equal. The model suggests that even in the absence of these strategic leadership practices (when all independent variables are zero), there is a baseline performance level of 1.304 units. These findings underscore the substantial impact that strategic leadership practices can have on the performance of FINTECH firms operating in the dynamic environment of Nairobi City County.

The study conducted hypothesis testing using p-values as shown in Table 16. The following hypotheses were tested:

H0₁: There is no statistically significant influence of strategic direction on the performance of FINTECH firms in Nairobi City County, Kenya.

From the findings, the p-value was 0.000, which was less than the 0.05 significance level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H0₁) and concludes that strategic direction has a statistically significant influence on the performance of FINTECH firms in Nairobi City County, Kenya.

H0₂: There is no statistically significant influence of balanced controls on the performance of FINTECH firms in Nairobi City County, Kenya.

The findings revealed a p-value of 0.000, which was less than the 0.05 significance level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H0₂) and concludes that balanced controls have a statistically significant influence on the performance of FINTECH firms in Nairobi City County, Kenya.

H0₃: There is no statistically significant influence of Organizational culture on the performance of FINTECH firms in Nairobi City County, Kenya.

The analysis yielded a p-value of 0.000, which was less than the 0.05 significance level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H0₃)

and concludes that Organizational culture has a statistically significant influence on the performance of FINTECH firms in Nairobi City County, Kenya.

H0₄: There is no statistically significant influence of Firm's resources on the performance of FINTECH firms in Nairobi City County, Kenya.

The findings showed a p-value of 0.003, which was less than the 0.05 significance level. Therefore, based on the rule of significance, the study rejects the null hypothesis (H0₄) and concludes that Firm's resources have a statistically significant influence on the performance of FINTECH firms in Nairobi City County, Kenya.

Table 21

Summary Table

Hypothesis	Significance	Decision
Strategic Direction	.000	Reject
Balanced Controls	.000	Reject
Organizational Culture	.000	Reject
Firm's Resources	.003	Reject

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the research study, draws conclusions based on the findings, and provides recommendations for future research and practical implications. It revisits the research objectives and hypotheses, highlights key findings, and synthesizes the results and implications. The chapter offers actionable strategies for FINTECH firms, policymakers, and researchers to enhance performance and sustainability in Nairobi's dynamic business landscape.

5.2 Summary of Major Findings

5.2.1 Strategic Direction and FINTECH Firm Performance

The study found that respondents generally felt their firms exhibited strategic direction practices to a moderate-to-large extent ($M = 3.678$, $SD = 0.5574$). The regression analysis confirmed that strategic direction has a statistically significant and positive influence on the performance of FINTECH firms ($\beta_1 = 0.890$, $p < .05$). This suggests that FINTECH firms in Nairobi City County that establish clear strategic directions are more likely to perform better in the dynamic environment they operate in. The findings highlight the importance of setting clear goals, identifying opportunities, and establishing a coherent strategic vision in driving organizational performance.

5.2.2 Balanced Controls and FINTECH Firm Performance

Respondents indicated that their firms implement balanced control practices to a moderate-to-large extent ($M = 3.624$, $SD = 0.9706$). The regression analysis demonstrated that balanced controls have a statistically significant and positive influence on the performance of FINTECH firms ($\beta_2 = 0.753$, $p < .05$). This implies that FINTECH firms in Nairobi City County that implement effective control mechanisms, including

risk management, compliance measures, and performance evaluations, are likely to see improved organizational performance. The findings underscore the importance of maintaining a balance between control and flexibility in managing FINTECH operations.

5.2.3 Organizational Culture and FINTECH Firm Performance

The findings suggest that respondents felt their firms exhibit organizational culture practices to a moderate extent ($M = 3.394$, $SD = 0.9758$). The regression analysis revealed that organizational culture has a statistically significant and positive influence on the performance of FINTECH firms ($\beta_3 = 0.496$, $p < .05$). This indicates that FINTECH firms in Nairobi City County with strong, positive organizational cultures are more likely to perform better. The results highlight the importance of fostering a culture that encourages innovation, collaboration, and adaptability in the fast-paced and dynamic FINTECH environment.

5.2.4 Firm's Resources and FINTECH Firm Performance

Respondents reported that their firms manage and utilize resources to a moderate-to-large extent ($M = 3.51$, $SD = 0.8658$). The regression analysis confirmed that firm resources have a statistically significant and positive influence on the performance of FINTECH firms ($\beta_4 = 0.330$, $p < .05$). This suggests that FINTECH firms in Nairobi City County that effectively manage and leverage their resources are more likely to achieve better performance outcomes. The findings emphasize the importance of resource optimization, including financial, human, and technological resources, in driving organizational success.

5.3 Conclusions

The results indicate a statistically significant and positive influence of strategic direction on the performance of FINTECH firms. This finding supports the rejection of the null

hypothesis and aligns with the strategic leadership theory, as well as previous studies that highlighted the positive impact of strategic direction on organizational performance.

The results reveal a statistically significant and positive effect of balanced controls on the performance of FINTECH firms. This finding supports the rejection of the null hypothesis and is consistent with previous studies that emphasized the positive impact of balanced controls on organizational performance, as well as the balanced controls component of the strategic leadership theory.

The results indicate a statistically significant and positive effect of organizational culture on the performance of FINTECH firms. This finding supports the rejection of the null hypothesis and is in line with previous studies that demonstrated the positive relationship between organizational culture and financial performance, as well as the organizational culture component of the strategic leadership theory. The results reveal a statistically significant and positive effect of firm's resources on the performance of FINTECH firms. This finding supports the rejection of the null hypothesis and is consistent with previous studies that identified a positive correlation between organizational resources and performance, as well as the firm's resources component of the strategic leadership theory and the resource-based theory.

5.4 Recommendations

5.4.1 Policy Recommendations

The study findings indicate several key areas for improvement in the FINTECH sector in Nairobi City County, Kenya. To enhance the performance of FINTECH firms in this dynamic environment, it is recommended that firms prioritize establishing clear strategic directions by setting well-defined goals, identifying potential opportunities for improvement, and effectively allocating resources to support strategic initiatives. Regular

review and adaptation of strategic direction are crucial to ensure alignment with the changing business environment. Implementing effective control mechanisms is also vital. Firms should establish appropriate oversight and monitoring systems, manage risks associated with operations, maintain compliance with regulations, conduct regular performance evaluations, and invest in continuous professional development for employees. Striking a balance between control and flexibility can help optimize performance and achieve sustainable growth.

Fostering a strong and supportive organizational culture is another critical area for improvement. FINTECH firms should strive to encourage team cohesion and collaboration, maintain clear values and a sense of purpose, ensure employee engagement and motivation, promote open communication channels, and embrace diversity and inclusivity. Cultivating a positive organizational culture can create an environment that nurtures innovation, adaptability, and high performance. Optimizing resource management strategies is also crucial. FINTECH firms should focus on effectively allocating resources to achieve strategic goals, ensuring efficient utilization of resources, conducting thorough budgeting and forecasting, prioritizing resource optimization, and adopting innovative approaches to resource management. Leveraging technology and streamlining processes can enhance efficiency and maximize the impact of resources on organizational performance.

Finally, it is recommended that further research be conducted to explore additional factors that may influence the performance of FINTECH firms in dynamic environments. This could include investigating the impact of external factors such as regulatory changes, technological advancements, and market trends on firm performance. Additionally, longitudinal studies could provide insights into how the relationship

between strategic leadership practices and firm performance evolves over time in this rapidly changing industry.

5.4.2 Recommendation for Further Studies

Based on the results of this study, several avenues for further research emerge. An in-depth analysis of risk-based pricing strategies in FINTECH firms could provide valuable insights into their implementation, impact on customer retention and loan performance, and relationship with strategic leadership practices. This is particularly relevant given the findings on effective APR and pricing variability across providers. The evidence of multiple borrowing among customers warrants a comprehensive investigation into its patterns, causes, and consequences within the Kenyan FINTECH sector. Such research could inform both business strategies and regulatory policies by providing deeper insights into consumer behaviour.

Given the significant regulatory changes noted in the FINTECH sector, a longitudinal study examining how firms adapt their strategic leadership practices in response to evolving regulations could be insightful. This research could analyse the effects of these adaptations on firm performance over time. The positive influence of organizational culture on firm performance suggests the need for a deeper exploration of how specific cultural elements contribute to digital innovation and product development in FINTECH firms. This could shed light on the role of factors such as innovation mindset and risk tolerance in driving success. Lastly, the importance of firm resources highlighted in this study calls for a detailed investigation into resource allocation and management strategies in response to rapid market changes. Such research could provide valuable insights into effective resource management in dynamic environments, contributing to our understanding of strategic leadership in the FINTECH sector.

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APPENDICES

Appendix I: Cover Letter

Sophie Jeruto Naburuki,
School of Business and Economics,
Kabarak University,
Nakuru

Dear Respondent,

Re: Data Collection For Research Project

My name is Sophie Jeruto Naburuki, a Masters student in Business Administration (Strategic Management Option) at Kabarak University. As part of my academic requirements, I am currently conducting a research project entitled **“Influence of Selected Strategic Leadership Practices of Performance of FINTECH Firms in Nairobi City County, Kenya.”**

The purpose of this letter is to request your valuable assistance in filling out the attached questionnaire. Your participation in this research is essential and highly appreciated as it will contribute to the study's success. The information collected was strictly used for academic purposes and was kept confidential.

Thank you for your kind cooperation in this matter. If you have any questions or concerns about the research, please do not hesitate to contact me.

Yours faithfully,

Sophie Jeruto Naburuki

Appendix II: Questionnaire

Instructions

Please answer the questions to the best of your ability.

Tick appropriately in the provided spaces

Section I: Background Information

Job Position

1. What is your position in the firm?

Senior Position [] Head of Section []

Length of Service

2. How long has the company been operating?

Below 5 years [] 5-10 years [] Over 10 years []

Section II: Strategic Direction

The questions in this section are based on five point Likert scale running from 1.No Extent (NE) to 5.Very Large Extent (VLE). The items are scored as follows; 1.No Extent (NE), 2. Small Extent (SE), 3. Moderate Extent (ME), 4.Large Extent (LE), and 5.Very Large Extent. Use the Likert scale to answer the following questions. This subsection is addressing the Strategic Direction objective.

No	Indicators	5	4	3	2	1
3.	The firm always sets clear and measurable goals for the organization.					
4.	The firm regularly identify potential opportunities to improve the organization's performance.					
5.	The firm always allocates resources effectively to achieve strategic goals.					
6.	The firm establish a clear strategic direction for the organization.					
7.	The firm regularly reviews and adapts its strategic direction to changing circumstances.					

Section III: Balanced Controls

The questions in this section are based on five point Likert scale running from 1.No Extent (NE) to 5.Very Large Extent (VLE). The items was scored as follows; 1.No Extent (NE), 2. Small Extent (SE), 3. Moderate Extent (ME), 4.Large Extent (LE), and 5.Very Large Extent. Use the Likert scale to answer the following questions. This subsection is addressing the Balanced Controls objective.

No	Indicators	5	4	3	2	1
8.	The firm always has appropriate oversight and monitoring mechanisms in place to ensure compliance with policies and procedures.					
9.	The firm regularly and effectively manage risks associated with the organization's operations.					
10.	The firm always maintains full compliance with all relevant regulations and legal requirements.					
11.	The firm regularly conduct thorough and objective evaluations of our organization's performance.					
12.	The firm always invests in continuous professional development to ensure that all staff are up to date with the latest regulations and best practices.					

Section IV: Organizational Culture

The questions in this section are based on five point Likert scale running from 1.No Extent (NE) to 5.Very Large Extent (VLE). The items was scored as follows; 1.No Extent (NE), 2. Small Extent (SE), 3. Moderate Extent (ME), 4.Large Extent (LE), and 5.Very Large Extent. Use the Likert scale to answer the following questions. This subsection is addressing the Organizational Culture objective.

No	Indicators	5	4	3	2	1
13.	The firm always encourages team cohesion and collaboration to achieve common goals.					
14.	The firm always maintains clear values and a sense of purpose within its organizational culture.					
15.	The firm always ensures that employees are actively engaged and motivated in their work.					
16.	The firm maintain strong communication channels within the organization, including providing regular feedback and opportunities for open dialogue.					
17.	The firm always promotes diversity and inclusivity, and actively fosters a culture of respect and equality among all employees.					

Section V: Firm's Resources

The questions in this section are based on five point Likert scale running from 1.No Extent (NE) to 5.Very Large Extent (VLE). The items was scored as follows; 1.No Extent (NE), 2. Small Extent (SE), 3. Moderate Extent (ME), 4.Large Extent (LE), and 5.Very Large Extent. Use the Likert scale to answer the following questions. This subsection is addressing the Firm's Resources objective.

No	Indicators	5	4	3	2	1
18.	The firm always allocates resources effectively to achieve strategic goals.					
19.	The firm ensures that the organization's resources are utilized efficiently to maximize productivity and minimize waste.					
20.	The firm always undertakes thorough budgeting and forecasting to ensure that resources are allocated appropriately and in a timely manner.					
21.	The firm prioritize resource optimization within our organization's operations, including identifying areas for improvement and implementing effective solutions.					
22.	The firm always adopts innovative approaches to resource management and leverages technology to streamline processes and enhance efficiency.					

Section VI: Organizational Performance

The questions in this section are based on five point Likert scale running from 1.No Extent (NE) to 5.Very Large Extent (VLE). The items was scored as follows; 1.No Extent (NE), 2. Small Extent (SE), 3. Moderate Extent (ME), 4.Large Extent (LE), and 5.Very Large Extent. Use the Likert scale to answer the following questions. This subsection is addressing the Organizational Performance objective.

No		5	4	3	2	1
23.	The firm always evaluates and measures overall effectiveness and success in achieving strategic goals and objectives.					
24.	The firm prioritize business growth and expansion within the organization, including exploring new markets and opportunities.					
25.	The firm always strives to achieve profitability by efficiently managing costs and maximizing revenue streams.					
26.	The Firm prioritize customer satisfaction within the organization, including providing high-quality services and products that meet or exceed customer expectations.					
27.	The firm always conducts regular assessments and reviews of organizational performance to identify areas for improvement and implement effective solutions.					

The End

Appendix III: Informed Consent

Study Title: Influence of Selected Strategic Leadership Practices on Performance of FINTECH Firms in Nairobi City County, Kenya.

Researcher: Sophie Jeruto Naburuki

Contact Information: 0725-654041

You are invited to participate in a research study conducted by Sophie Jeruto Naburuki on the influence of selected strategic leadership practices on the performance of FINTECH firms in Nairobi City County, Kenya. Your participation is entirely voluntary, and you may choose to withdraw at any time without penalty.

The purpose of this study is to examine how specific strategic leadership practices influence the performance of FINTECH firms. The findings from this study will help to improve understanding of effective leadership practices in the FINTECH industry.

If you agree to participate, you were asked to complete a questionnaire. The questionnaire will focus on your experiences and perceptions regarding strategic leadership practices in the FINTECH industry.

Participation in this study does not involve any risks to your personal safety or well-being. However, you may benefit from the opportunity to contribute to research that could help improve leadership practices in the FINTECH industry.

Your responses were kept confidential, and your identity was anonymized in any publications or reports resulting from this study. Only the researchers involved in this study will have access to your data.

Your participation in this study is voluntary, and you are under no obligation to participate.

If you have any questions or concerns about the study, please contact Sophie J. Naburuki at 0725-654041

By signing below, you indicate that you have read and understood the information provided above and voluntarily agree to participate in this study.

Participant's Name: _____ Date: _____

Appendix IV: FINTECH Companies in Nairobi City County

- 1) Ceres Tech Limited
- 2) Getcash Capital Limited
- 3) Giando Africa Limited (Trading as Flash Credit Africa)
- 4) Jijenge Credit Limited
- 5) Kweli Smart Solutions Limited
- 6) Inventure Mobile Limited (Trading as Tala)
- 7) Jumo Kenya Limited
- 8) Letshego Kenya Limited
- 9) MFS Technologies Limited
- 10) M-Kopa Loan Kenya Limited
- 11) Mwanzo Credit Limited
- 12) Mycredit Limited
- 13) Mywagepay Limited
- 14) Natal Tech Company Limited
- 15) Ngao Credit Limited
- 16) Pezesh Africa Limited
- 17) Rewot Ciro Limited
- 18) Sevi Innovation Limited
- 19) Sokohela Limited
- 20) Tenakata Enterprises Limited
- 21) Umoja Fanisi Limited
- 22) Zanifu Limited

Source: Central Bank of Kenya (2023)

Appendix V: KUREC Approval Letter



KABARAK UNIVERSITY RESEARCH ETHICS COMMITTEE

Private Bag - 20157
KABARAK, KENYA
Email: kurec@kabarak.ac.ke

Tel: 254-51-343234/5
Fax: 254-051-343529
www.kabarak.ac.ke

OUR REF: KABU01/KUREC/001//18/02/24

Date: 27th Feb 2024

SOPHIE JERUTO NABURUKI
Kabarak University
Reg. No: GMB/NE/0166/01/19

Dear Sophie,

RE: INFLUENCE OF SELECTED STRATEGIC LEADERSHIP PRACTICES ON THE PERFORMANCE OF FINTECH FIRMS IN A DYNAMIC ENVIRONMENT IN NAIROBI COUNTY, KENYA.

This is to inform you that **KUREC** has reviewed and approved your above research proposal. Your application approval number is **KUREC-180224**. The approval period is 27/02/2024 – 26/02/ 2025.

This approval is subject to compliance with the following requirements:

- i. All researchers shall obtain an introduction letter to NACOSTI from the relevant head of institutions (Institute of postgraduate, School dean or Directorate of research)
- ii. The researcher shall further obtain a RESEARCH PERMIT from NACOSTI before commencement of data collection & submit a copy of the permit to **KUREC**.
- iii. Only approved documents including (informed consents, study instruments, MTA Material Transfer Agreement) will be used.
- iv. All changes including (amendments, deviations, and violations) are submitted for review and approval by **KUREC**.
- v. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **KUREC** within 72 hours of notification.
- vi. Any changes anticipated or otherwise that may increase the risk(s) or affect safety or welfare of study participants and others or affect the integrity of the research must be reported to **KUREC** within 72 hours.
- vii. Clearance for export of biological specimens must be obtained from relevant institutions and submit a copy of the permit to **KUREC**.
- viii. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- ix. Submission of an executive summary report within 90 days upon completion of the study to **KUREC**

Sincerely,

Prof. Jackson Kitetu Ph.D.
KUREC-Chairman

Cc Vice Chancellor
DVC-Academic & Research
Registrar-Academic & Research
Director-Research Innovation & Outreach
Institute of Post Graduate Studies



*As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord.
(1 Peter 3:15)*

Kabarak University is ISO



9001:2015 Certified

Appendix VI: NACOSTI Research Letter


REPUBLIC OF KENYA


**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

RefNo: **543503** Date of Issue: **12/March/2024**

RESEARCH LICENSE



This is to Certify that Ms. Sophie Jeruto Naburuki of Kabarak University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: INFLUENCE OF SELECTED STRATEGIC LEADERSHIP PRACTICES ON THE PERFORMANCE OF FINTECH FIRMS IN A DYNAMIC ENVIRONMENT IN NAIROBI COUNTY, KENYA for the period ending : 12/March/2025.

License No: **NACOSTI/P/24/33746**

543503
Applicant Identification Number


Director General
**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION**

Verification QR Code



**NOTE: This is a computer generated License. To verify the authenticity of this document,
Scan the QR Code using QR scanner application.**

See overleaf for conditions

Appendix VII: County Government Authorization



**OFFICE OF THE PRESIDENT
MINISTRY OF INTERIOR AND NATIONAL ADMINISTRATION**

Telegrams.....
Telephone: Nairobi 316845, 341666
When replying please quote

COUNTY COMMISSIONER
NAIROBI COUNTY
P.O. Box 30124
NAIROBI

REF: ED 10/6 VOL. XXIX (53)

15TH MARCH, 2024

SOPIE JERUTO NABURUKI
KABARAK UNIVERSITY

RESEARCH AUTHORIZATION

Your letter dated 1st March, 2024 refers.

This office has no objection and authority is hereby granted to conduct research on the topic "Influence of Selected Strategic Leadership Practices on the Performance of Fintech Firms in a Dynamic Environment in Nairobi County, Kenya" from 15th March, 2024 to 12th March, 2025.

DAVID S. WANYONYI
COUNTY COMMISSIONER

Copy to: All Deputy County Commissioner
NAIROBI

Appendix VIII: Evidence of Conference Participation





INFLUENCE OF STRATEGIC DIRECTION
ON THE PERFORMANCE OF FINTECH FIRMS
IN NAIROBI CITY COUNTY, KENYA

Sophie Jeruto Naburuki¹ⁱ,

Nehemiah Kiplagat²,

Simon Kipchumba³

¹Master of Business,
Administration Degree (Human Resource Management),
Kabarak University,
Kenya

²Lecturer,
School of Business and Economics,
Kabarak University,
Kenya

³Senior Lecturer,
School of Business and Economics,
Kabarak University,
Kenya

Abstract:

This study investigated the influence of strategic direction on the performance of financial technology (FINTECH) firms in Nairobi City County, Kenya. The research was grounded in strategic leadership theory and employed a predictive research design. The target population consisted of 154 senior and middle-level managers from 22 FINTECH firms, with a sample size of 111 respondents determined using the Taro Yamane formula. Data was collected using structured questionnaires, achieving a response rate of 82.88%. Descriptive statistics revealed that firms excel in adapting strategic direction to changing circumstances ($M = 4.80$, $SD = 0.399$) and establishing clear strategic direction ($M = 4.43$, $SD = 0.731$), but face challenges in setting clear and measurable goals ($M = 1.18$, $SD = 0.390$). In the inferential analysis, multiple linear regression revealed that strategic direction has a statistically significant positive influence on FINTECH firm performance ($\beta = 0.890$, $t = 11.797$, $p < .05$). The coefficient of determination ($R^2 = 0.685$) indicated that 68.5% of the variance in organizational performance could be explained by the strategic factors studied. The study concludes that effective strategic direction is fundamental to FINTECH firm success in Kenya's dynamic financial technology sector, validating the theoretical frameworks that emphasize strategic leadership's role in organizational performance. The research recommends that FINTECH firms implement comprehensive

ⁱ Correspondence: email s_naburuki@kabarak.ac.ke