



Enhancing Fintech Lending Business Resilience through the Alignment of Generic Strategies and Entrepreneurial Orientation

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Abstract. The realm of Fintech lending has expanded swiftly, altering the landscape of financial services. Nevertheless, this expansion presents challenges and ambiguities. This paper aims to explore how harmonizing Porter's Generic Strategy and Entrepreneurial Orientation can enhance the business resilience of Fintech lending firms. Findings from the thematic literature review indicate that aligning generic strategy with entrepreneurial characteristics can bolster the resilience of Fintech lending activities. However, the efficacy of alignment is impacted by other contextual elements, like market dynamics, regulatory frameworks, and technological infrastructure. Examining existing literature reveals gaps in current knowledge, particularly the limited research explicitly focusing on aligning these dimensions within Fintech lending. The proposed theoretical framework establishes the foundation for further exploration to promote comprehension of the resilience of the Fintech lending industry.

Keywords: Business Resilience, Generic Strategies, Entrepreneurial Orientation, Fintech Lending, Porter's Generic Strategy

1 Introduction

Technological innovations in financial services are growing significantly by offering alternative loans that provide easier and faster access for individuals and businesses. Its ability to cater to individuals and businesses who find it difficult to obtain loans from conventional institutions is what has made the sector flourish [1][2]. By offering lower costs but greater accessibility and faster services than traditional banking lending mechanisms, fintech lending is an integral part of the lending ecosystem [3]. The global Fintech lending market is expected to reach \$4.1 trillion by 2030, growing at a compound annual growth rate of 27.4% from 2021 to 2030 [4]. This very rapid growth shows that strategic factors contribute to the success and excellence of the Fintech Lending Business, which, of course, is very crucial.

However, in its progress, Fintech lending has faced various challenges to survive in the financial industry, such as intense market competition, cybersecurity, and risk

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management. Fintech is susceptible to cyber threats; therefore, effective cyber risk management is essential for its business continuity [5]. Moreover, fintech lenders must be prepared to face intense competition from both new entrants and traditional financial institutions. Therefore, fintech companies must continue to innovate while managing operational costs [5]. Not to mention, fintech firms have to face the reality of funding and sustaining their business. The global economic downturn has led to a reduction in investor interest in providing funding [6].

In order to maintain stability and growth without losing sight of the complexities of financial technology, business resilience in the fintech sector plays a very important role. Resilience enables fintech companies to adapt and recover from disruptions, ensuring sustainable operations and consumer confidence. Previous research highlights formal and informal mechanisms in fostering organizational resilience to withstand uncertain environmental conditions [7]. Especially in the age of VUCA (Volatility, Uncertainty, Complexity, Ambiguity), companies that can survive and adapt quickly to these changes will excel and do better in fierce competition. Porter's Generic Strategy can navigate the competitive market for fintech companies. Companies can offer lower prices, thus attracting highly price-sensitive customers. In addition, differentiation makes fintech stand out from their competitors, while focus strategies help them target specific market consumer segments effectively [8]. To generate greater performance, a cost leadership strategy can be the best choice in an e-business environment. However, differentiation may be more persistent for online-only companies than cost leadership. This can boost performance and competitiveness [9].

On the other hand, Entrepreneurial Orientation (EO) can encourage fintech lending companies to continue to innovate to stay ahead of the market and take well-calculated risks to accommodate new opportunities [10]. Innovativeness and proactiveness (two of the key dimensions of EO) positively affect performance. Thus, Entrepreneurial orientation reflects managerial capabilities so that firms can change challenging situations to their advantage with agile and proactive initiatives. Generic strategies are often highlighted in achieving a competitive advantage [8] but do not delve into how these strategies can be aligned with the Entrepreneurial Orientation. The importance of Entrepreneurial Orientation in encouraging innovation and being proactive [11] but lacks a comprehensive analysis of its integration with a generic strategy. That is why the current study has only focused on the individual impact of generic strategies or entrepreneurial orientation on business performance rather than exploring the combined effects. The combination of Porter's generic strategy with entrepreneurial orientation might enhance the business resilience.

Based on the above-mentioned reasons, the objective of this study is to examine the alignment of Porter's Generic Strategies and Entrepreneurial Orientation in enhancing the business resilience of fintech lending by addressing three research questions as follows:

- How does Porter's Generic Strategy contribute to business resilience in fintech lending?
- How does Entrepreneurial Orientation influence business resilience in fintech lending?
- How does aligning Porter's Generic Strategies with Entrepreneurial Orientation impact business resilience?

2 Methods

This study used a thematic literature review approach, with article collection and selection process using Systematic Literature Review Funnel. The SLR funnel provided a comprehensive methodological toolkit, enabling a simpler and more efficient review of the literature in a shorter period [12].

Data Base Exploration. After determining the topic and research objectives, data was collected through the Scopus database with the following keywords/bolleans:

- "fintech lending" OR "financial technology lending" AND "lending" OR "P2P" OR "Peer to peer" AND "entrepreneurial orientation" OR "innovativeness" OR "risk-taking" OR "proactiveness" OR "competitive aggressiveness" OR "autonomy" 4 collected articles
- "business resilience" OR "organizational resilience" AND "Porter's Generic Strategies" OR "entrepreneurial orientation" 8 collected articles
- "Fintech lending" OR "Financial Technology lending" OR "Lending" AND "Generic strategies" OR "Entrepreneurial orientation" 13 collected articles
- "Fintech lending" OR "Financial Technology lending" OR "Lending" OR "P2P" OR "peer to peer" AND "Generic strategies" OR "Entrepreneurial orientation" 14 collected articles
- "fintech lending" OR "financial technology lending" OR "lending" AND "P2P" OR "Peer to peer" AND "entrepreneurial orientation" OR "innovativeness" OR "risk-taking" OR "proactiveness" OR "competitive aggressiveness" OR "autonomy" 24 collected articles.

Inclusion and Exclusion Criteria. Specify criteria for including or excluding studies to be reviewed. In this case, the exclusions were articles in press, Languages other than English, and only journal source type with article and review document type. The 63 articles collected were imported into Mendeley for duplicate filtering, which resulted in 44 articles.

Screen the title and abstract. This ensures that the articles found are relevant and that only 30 can be accessed.

Full-text screening. For these 30 articles, a full-text screening was carried out by identifying the main theme and sub-theme, finally shrinking to 19 final articles to be analyzed.

The final paper. It was analyzed by identifying the relationship between themes that can answer the research question (see Fig. 1)

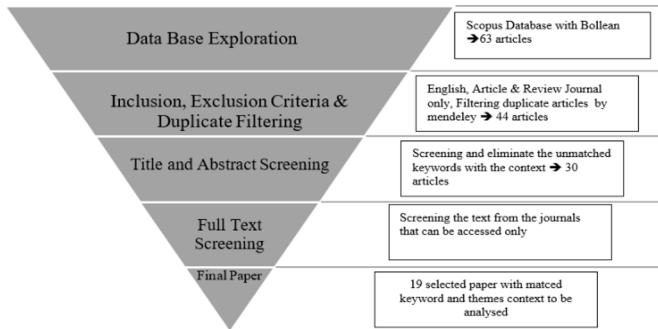


Fig. 1. Systematic Review Funnel

3 Results and Discussion

Table 1 shows that 19 articles with information on the author, year, and title have been selected according to the theme and sub-theme with a context that can answer the research question.

Table 1. Selected Articles Related to The Context

Author & Year	Title
Beltrame et al. (2019)	Collateral, mutual guarantees and the entrepreneurial orientation of SMEs
Beltrame et al. (2023)	Relationship lending, access to credit, and entrepreneurial orientation as cornerstones of venture financing
Calisto et al. (2024)	Tourism and hospitality firms’ response to COVID-19: the role of entrepreneurial orientation and managers’ market recovery perception
Escamilla-Fajardo. (2021)	Entrepreneurship and resilience in Spanish sports clubs: A cluster analysis
Farag & Johan. (2022)	How alternative finance informs central themes in corporate finance
Ferdinand et al. (2018)	The Pareto sales network asset: A networked power perspective
Hernandez-Perlins et al. (2021)	Entrepreneurial orientation, concern for socioemotional wealth preservation, and family firm performance

Ivashchenko et al. (2018)	Fintech platforms in SME's financing: EU experience and ways of their application in Ukraine
Jia. (2024)	FinTech penetration, charter value, and bank risk-taking
Junarsin et al. (2023)	Does fintech lending expansion disturb financial system stability? Evidence from Indonesia
Khan et al. (2023)	Corporate sustainability entrepreneurship: The role of green entrepreneurial orientation and organizational resilience capacity for green innovation
Ren et al. (2024)	The Delicate Equilibrium: Unveiling the Curvilinear Nexus Between Supply Concentration and Organizational Resilience
Tansey et al. (2013)	A critical review of response strategies adopted by construction companies during an economic recession
Tansey et al. (2014)	Linking response strategies adopted by construction firms during the 2007 economic recession to Porter's generic strategies
Waty et al. (2023)	Digital Innovation, Agility, and The Government Intervention in The Culinary Sector Small And Medium Enterprises: Business Resilience In Indonesia after Turbulence
Wirani et al. (2022).	The influence of familiarity and personal innovativeness on the acceptance of fintech lending services: A perspective from Indonesian borrowers
Zarrouk et al. (2020)	Entrepreneurial Orientation, Access to Financial Resources and SMEs' Business Performance: The Case of the United Arab Emirates
Zighan et al. (2022)	The role of entrepreneurial orientation in developing SMEs' resilience capabilities throughout COVID-19
Zubair (2024)	Assessment of Entrepreneurship Orientation of P2P Online Lending Platforms based on Neutrosophic Structured Element

Source: Author's work

The remaining articles were published from 2013 to 2024, but the most important were from 2023 to 2024, with as many as eight articles. By reviewing the titles of these articles, it is clear that no existing articles simultaneously discuss the impact of generic strategies and entrepreneurial orientation on business resilience. Analyzing the theme of the previous research certainly helps in directing and answering research questions, as follows:

3.1 Porter's Generic Strategy Contributes to business resilience in fintech lending

Porter's generic strategies of cost leadership, differentiation, and focus are recognized to achieve a competitive advantage, but their relationship with business resilience is diverse and sometimes contested. The differentiation strategy assisted firms in maintaining customer loyalty and market share in the majority of construction firms to

survive the economic recession in 2007 and has been empirically validated in assisting the formulation of competitive strategies [13], [14]. This strategic approach aligns with organizational resilience, which involves adapting, responding, and recovering from disruptions. Fintech lenders (LendingClub) and Prosper demonstrated that the combination of cost leadership with differentiation is more effective in penetrating the market and managing risks associated with high competition and regulatory challenges [15].

A focused strategy benefits fintech companies in serving underserved market segments, promoting financial inclusion and stability [16]. However, it may not fully capture the complexity and wider real-world environment. A focused strategy also risks potentially limiting a firm's market scope and exposing it to higher volatility in certain segments [16]. Therefore, generic strategy can be argued to contribute by providing a basic framework for strategy analysis. Still, in its application to the fintech lending business and other industries, adaptation is needed to cope with the dynamic and diverse nature of the business environment. This is supported by previous research, which states that Plat form fintech can leverage technological advantages to simplify loan processing and reduce friction with machine learning and big data, as this can improve customer experience and operational cost efficiency [15].

3.2 Entrepreneurial Orientation influence business resilience in fintech lending

Entrepreneurial orientation has a positive impact on firm performance, although various factors such as access to financial resources and market conditions affect it [17]. EO encourages firms to scale up in competitive markets by launching new market deals, taking calculated risks, and being more proactive than competitors. This leads to a first-mover advantage and increased market share [18]. Empirical research shows a positive relationship between EO and firm performance, but this relationship is not homogeneous across contexts and is influenced by various internal and external factors. [19].

Entrepreneurial Orientation (EO) enhances business resilience by fostering innovation, proactivity, and risk-taking, enabling firms to anticipate market needs and undertake bold ventures [18], [20], [21]. EO can also significantly affect the resilience of organizations by improving the ability of companies to adapt to environmental changes such as the one caused by the COVID-19 pandemic and to recover from setbacks [22]. Based on the explanation of previous studies, it is concluded that EO significantly impacts business resilience.

3.3 The impact of aligning Porter's Generic Strategies with Entrepreneurial Orientation on business resilience

Innovativeness enables firms to create unique products or services that stand out in the market, supporting differentiation strategies and attracting customers This is consistent with the applicability of the differentiation strategy to the generic strategy. Proactivity powers the focus strategy by letting firms respond to and fulfill the dynamic needs of

specific market segments, thereby achieving a first-mover advantage in the process. Sedangkan Risk-taking is important for a cost leadership strategy, as it permits the enterprise to embed new technologies or processes that lower costs and lead to a greater competitive advantage [18], [23]. The autonomy of employees supports the strategy by empowering them to make decisions independently, fostering innovation, proactivity, and risk-taking [17]. Based on this explanation, it is clear that the Generic Strategy can be aligned with the Entrepreneurial Orientation and contribute to the resilience of the fintech lending business.

Entrepreneurial orientation (EO) may play a moderating and mediating role in the effect of Porter's generic strategies on business resilience. Companies with high EO are more likely to generate new ideas and take calculated risks. These companies make their differentiation strategies more effective by bringing new products or services to market to meet demand [24]. Additionally, EO can mediate the relationship between Porter's strategy and resilience by fostering business model innovation, which is critical to adapting to market changes and preserving an edge [22]. Innovative approaches certainly support cost leadership in a more efficient way to increase business resilience through operational cost savings and efficiency.

Meanwhile, for fintech lending companies that adopt innovative management methods and new technologies, the proactive and risk-taking dimension (EO dimension) can help companies anticipate future disruptions. This is what increases their business resilience capacity. Based on the themes found in the article and then analyzed, it produces a proposed theoretical framework that can be used as a concept for further research.

4 Conclusion

Porter's Generic Strategy provides a strong framework for fintech companies to develop resilience by directing strategic choices that enhance their ability to survive and evolve in times of economic disruption and challenges, as well as entrepreneurial orientation. The strategic alignment of EO with Porter's generic strategies can significantly enhance the resilience of fintech firms and other businesses by driving innovation, operational efficiency, and proactive risk management, ultimately leading to sustainable competitive advantage and stability in the face of market disruption. EO moderates the impact of Porter's strategy by aligning it with an innovative and proactive corporate culture and mediates its effect by enabling rapid adaptation and reconfiguration of resources, which is critical to maintaining business resilience in the face of disruption.

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