

## Conflict management strategies and organizational performance (A survey of microfinance institutions in Nairobi)

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### Abstract

Organizational conflict arises when and if employee thinks that their goals are under threat or are being hindered by the another person's activities. Unresolved or poor handling of conflicts may lead to exit of some employees from the organization. The purpose of the study was to assess how conflict management strategies influence performance of Microfinance Institutions. The study was guided by the following specific objectives: To explore the influence of accommodating strategy on performance of Microfinance Institutions; To assess how dominating strategy affects performance of Microfinance Institutions; To determine the influence of compromise strategy on performance of Microfinance Institutions, and; To examine the influence of collaborating strategy on performance of Microfinance. The research study looked at the contingency theory, stakeholder theory and human relations management theory. The study employed descriptive survey research design. The study targeted 90 managers of MFIs that operate within Nairobi. A census method was adopted by the study. Questionnaires were used as the research instrument. The researcher confirmed validity of the instrument by discussing the questionnaire with research project supervisors who are experts in research. So as to confirm reliability of the instrument, the researcher did a pilot test. The questionnaires were administered using the method of drop and pick later. The gathered data information was coded and then analyzed by use of SPSS. In summary, the regression model showed: a significant inverse relationship between accommodating strategy and performance of MFIs in Nairobi; A significant positive relationship between dominating strategy and performance of MFIs in Nairobi; A significant negative relationship between compromise strategy and performance of MFIs in Nairobi, and; A significant direct relationship between collaborating strategy and performance of MFIs in Nairobi. The research concludes that: there existed an inverse relationship between accommodating strategy and performance of MFIs in Nairobi shown by coefficient value of -0.293 and significance value of 0.008; there exists a significant positive relationship between dominating strategy and performance of MFIs in Nairobi shown by coefficient of 0.694 and significance value of 0.000; There existed a negative correlation between compromise strategy and performance of MFIs in Nairobi shown by coefficient of -0.530 and significance value of 0.003, and; there was a direct relationship between collaborating strategy and performance of MFIs in Nairobi shown by coefficient of 1.121 and significance value of 0.000. The study recommended that: Managers should avoid using accommodating and compromise strategies unless it is very necessary, and; managers should always use dominating and collaborating strategies as they have direct relationship with organizational performance. For further studies, the study recommended that more research studies be done on: other financial institutions; nonfinancial institutions, and; publicly owned organizations. The findings of this study will be of benefit to various parties. These include managers of MFIs, managers of other related institutions and businesses, regulating bodies and researchers and scholars.

**Key words:** Accommodating strategy; Dominating strategy; Compromise strategy; Collaborating strategy; Organizational performance

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## I. Introduction

### 1.1 Background of the Study

Strategic management may be defined as a science and an art of formulation, implementation, and evaluation of cross-functional decisions that make it possible for a firm to achieve its desired objectives. It consists of formulation of the firm's objectives, implementation, and controlling cross-functional decisions aimed at achieving those objectives both presently and in futuristic environments. Strategic management process

could, generally, be subdivided into three phases namely, the formulation, phase, the implementation phase and the evaluation and monitoring phase (Certo & Peter, 2001).

The strategy formulation process has to consider the dynamic nature business environment and it ought to allow for a window of preparedness if it happens that there is a change. At the same time, a strategic plan will make it possible for a firm to make an evaluation through the assets it owns, make an appropriate budget allocation and make very effective plans to maximizing on return on investments (Thompson & Martin, 2010). Conflicts may be experienced in an organization when there is no common understanding of the objectives and goals of the organization. They may also be experienced in allocation of resources to different department/divisions/sections of the organization. Some may feel they need more resources than others, some may feel they are getting less than their fair share, thus conflicts may arise. These conflicts tend to disrupt the performance of the organization.

Conflict is an inevitable part of living for the reason that it relates to situations where resources are scarce, where there is need for functions' division, role-differentiation and power relations (Azamosa, 2004). Many a time conflict results to stress, which leads to less than optimal satisfaction for the employees (Bashir, 2010). This reduced satisfaction may result to higher absenteeism rate and high turnover rates. Conflict may also erode trust on fellow employees and even supervisors and seniors, which can dent or completely halt the progress of project implementation. The pileup of internal consequences that are negative, such as slowed progress and lost trust, could generate a negative impact on the satisfaction of customer as a result of failure to meet deadlines for service delivery and service quality that is below the expected standards (Dontigney, 2012).

It is important that business leaders acknowledge firm conflicts and its existence and put in place an open door policy as to attract creative solutions. It could also encourage an adaptable firm that could efficiently cope with the dynamism frequent changes that modern businesses face. Modern functional view sees organizational/firm conflict in a positive light and as a productive force (Kumar & Hossain, 2012). The approach has a belief that conflicts stimulate both employee and management to improve their levels of skills and knowledge. The motivation results into higher creativity, innovation, and performance that will give more contribution to the organization.

According to Boulden (2003) conflict management strategy (CMS) is the process that involves blocking out the negative aspects of conflicts while at the same time pronouncing more the positive aspects of the same conflict by use of styles and techniques in managing conflict between individuals or between groups. Management of conflict includes implementing strategies to suppress the negative aspects of the conflict and at the same time to pronounce more the aspects of conflict that are positive at the same or higher level than where the conflict is taking place, the main intention of management of conflict is to improve performance and effectiveness of organizations (Rahim, 2002). Its main concern is not avoiding or eliminating all conflicts. According to Gordon (2004), the concept of conflict management has more often than not been associated with conflict settlement and containment. Conflict management is the practice of identification and handling conflict in a sensible, efficient and fair way, it needs skills such as problem solving, effective communicating and negotiating with a clear focus on interests.

There exists different styles and methods that could be put into use to manage conflicts in organizations. Saduna (2012) conceptualizes these into five conflict management methods/styles: avoiding style, obliging style, dominating style, compromising and integrating style. According to Rose et al. (2006), the strategy of competition to conflict resolution is an endeavour to complete victory. It is a win/lose approach, a position where "winner takes everything". Normally, the focus is mainly on emerging from the conflict victorious no matter costs, instead of than looking for the most appropriate solution considering the positions of all concerned parties. The second approach of dealing with conflicts is accommodation, which happens to be the opposite of competition strategy. This is a lose/win approach. The third approach after accommodation approach is avoidance approach, where the two opposing sides in the conflict withdraw. It is normally referred to as a lose/lose outcome in managing conflict for the reason that no side is capable even to deal with the issue, leave alone managing or resolving the issue. The fourth one is the collaboration approach which is normally taken to be the best approach to deal with conflict. It is referred to as a win/win method. It does not need any party to let go their preferred positions. On the contrary, both parties come together to honestly find new and common higher grounds. This type of problem-solving needs an atmosphere of mutual respect, openness and trust, the uncovering of hidden agendas-if any, and real willingness by both parties to reach a resolution on the conflict. The next and final approach is the compromise conflict resolution method. It incorporates negotiation and a significantly higher degree of flexibility. It is called a win/lose win/lose position because both sides that are conflicting will achieve some of what they want, while on the same breath giving up something in the entire process (Burnside, 2008).

Hotepeo et al (2010) argues that conflict could be resolved in many different ways, some paying attention to structural changes and others having a focus on interpersonal relationships. Conflict management towards constructive action seems to be the best approach in resolving conflict in any organization. Should there

be conflict, it is critical to be in a position to manage them in the best way possible, so as for it to be transformed into a positive force, instead of being a negative force, which will be seen as a threat the individuals or groups.

Purkayastha and Chaudhari (2011) posit that the need to better organizational and employees' performance has gained prominence as part of endeavours to improve the achievement of organizational objectives and goals. So as achieve the desired performance, it is important for the alignment of the firm objectives with the employees' skills, competency requirements, agreed measures, plans of development and the results delivery. Even though organizational performance has traditionally been conceptualized in using financial measures, there are scholars who have made proposals for broader construct of organizational performance.

Different researchers have done different research studies on conflict management. Globally, De Dreu and Van Vianen (2001) discovered that when there existed an avoidant conflict management culture, there was an increase in both the levels of team effectiveness and team functioning. contrary to both the avoidant and dominant cultures of managing conflict, a collaborative culture of managing conflict culture was associated consistently with positive group level outcomes and workplace performance.

Findings of a study in Cyprus by Kirelp, Dincyüreka, and Beidoglu (2009) revealed that compromise method was the most common employed strategy by university students with friends, fathers and mothers. At the same time, collaborating strategy was employed with emotional friends. Further, forcing, collaborating and compromising strategies were majorly utilised with emotional friends and avoiding method with father.

In his study, Zaidi (2012) found within the Bangladeshi context, maximum conflict was seen between employers and employees. Conflicts were related to company benefits given to employees and difference in personal attitude of employees. The conflicts, however, could be manageable if the conflict produced negative outcomes. Conflicts could also arise in companies in Bangladesh as a result of decision making by top management. Lower level employees have low scope to be able to participate in decision making process so that in most cases there is a conflict between employees and top level management and employees.

Abdullah (2015) sought to examine what impact of conflict management had on the effectiveness of the Jordanian Ministry of Higher Education. He also sought to assess factors that generated interpersonal conflict and what method of conflict-management was applied in situations of conflict. The results of the study revealed that the action of assenting played the most crucial role in treatment of conflict, managing use turned out to be a function of other different variables. The study recommended that it was needful to make use of the concept of managing conflict on effectiveness of companies.

The major findings of a study by Abdul and Sehar (2015), on Conflict Management and Organizational Performance, done at Askari bank limited, were that education had no effect on the opinion of respondents on strategies used to manage conflict. On the same breadth, there was no significant difference between the opinions by male and those of female respondents about the ignitors of conflict. There was, however, significant effect of conflict on the performance of the bank. The study suggested that managers ought to use strategies of conflict management that lead to an improvement in the performance of the company, separate from making sure a free flow of communication between employees and the management and also promote interpersonal relationships among staff and employees so as to boost their morale.

A research study by Kazimoto (2013) in Japan analysed the elements of the process of managing conflict, leadership organizational change and the benefits that accrue from proper management of conflicts. The research study concluded that approaches of leadership were very key factors in management of conflicts. The study recommended that managers and organizational leaders in their respective organizations set up and promote an open communication policy, so as to make it possible all employees to not only get the right information but also to get it at the right time.

Miao, Tien, Chang and Ko (2010) found out that relationship conflict had a bigger impact on learning performance than did process conflict. The researchers explored the how dysfunctional conflict, with cognitive style as a moderating variable, affected learning performance in the Chinese cultural context. The findings revealed that there was a quadratics relationship between process conflict and learning performance. Furthermore, it was uncovered that relationship conflict had a bigger effect, than did process conflict, on learning performance.

Within the African continent, Hotepo et al. (2010) found that reduced resources was a significant cause of conflict and that conflicts in organizations had both positive and negative effects on the performance of organizations, but if and when properly managed, the positive effects could be utilised to improve and encourage organizational innovativeness and create an environment for cooperation among the employees. A study by Adomi and Anie (2006) revealed that most of the respondents felt that conflict was positive and that it could be stimulated by library managers. The study further revealed that interpersonal conflicts were the most common conflicts in Nigerian libraries, and that accommodation strategy ranked highest as technique of conflict avoidance.

A study by Asokere, Hotepo, Abdul-Azeez and Ajemunigbohun (2010) found out that limitation in resources was a big reason for conflict and that conflicts led to both positive and negative effects in organizations, but if properly managed, the positive effects could be utilised to encourage innovativeness in organizations and build organizational cooperation among different staffs.

In the Kenyan context, Jenifer, Thomas and Joyce (2017) discovered that strategies of managing board conflict were crucial in conflict resolution conflict in state corporations and within the board of directors. After resolving a conflict, the research study discovered that organization performance changed by 7%. Olang (2017) reached a conclusion that negotiation strategy and third party interventions had a statistical significance. The research study reached a conclusion that there was a good conflict resolution strategy put in place.

A research study by Muriuki, Cheruiyot and Komen (2017) found that after conflict resolution, the study uncovered that the performance of state corporations changed by 7%, for the better. The researcher recommended the use of negotiation, mediation and arbitration strategies in reaching resolutions to conflict in the state corporation for the efficient and effective delivery of services.

Sammy (2016) reached a conclusion that there existed a relationship between strategies of managing conflicts management and performance of employee and that the most popular strategies were integrating, avoiding strategy, obliging strategy and integrating strategy and it was advisable for organizations to make a highlight and employ at one or two strategies so as objectivity may be observed.

Momanyi and Juma (2016) uncovered that the bank faced the challenge of difference in culture and faith, challenge of personal differences, different ways of managing conflict, challenge of critical skills related to dealing with difficult situations and people, challenge of changing environment, challenge of competition over resources that have scarcity, the challenge of creating structure for processes of consensus, challenge of then discourse of cooperative and the change challenge. The study further revealed that the bank made use of the approaches of competing, avoiding, accommodating, compromising, and collaborating at different extent.

The Kenyan microfinance industry is experiencing change and positive growth. This Sector has gradually evolved from simple charity based financial and social empowerment programmes to grow into fully operational financial institutions, which keep on contributing towards bridging the wide gap of inclusivity as regards finances and financial issues. Further, the sector of microfinance is experiencing increased and sustained interest from commercial banks with a number of them having either downscaled their financial products or are in the process of coming up subsidiary institutions/companies for the specific purpose of engaging in microfinance business. The MFIs serve at least 6.5 million people who belong to the poor and middle class families with financial services. Masinde (2012) posits that the microfinance industry serves around 4.5 million customers with an approximate annual growth rate of around 10%.

The traditional way of enhancing organizational performance has revolved around past performance assessment and reward allocation. That is, rewards were given in exchange of good performance. There is inevitability that improvement of employees' performance is something of direct interest to the management. Performance, therefore, becomes stereotyped as something that has no intrinsic interest or value to the person doing the work. Performance is a reward. There exist many small initiatives every day that give a lending to improving employees' performance. It is important that the company selects the best measure of performance for the company as a whole and for all the individuals within it. Single measures are not likely to be robust sufficiently. Kaplan and Norton (1992) posit that the combination of measures that an organisation chooses to use to assess performance of its employees should be based on four different perspectives: Internal business measures; customer measures; Financial measures, and; innovation and learning perspective.

## **1.2 Statement of the Problem**

Any manager who intends to drive their organization safely and successfully into the future needs a strategy. A clear strategy increases the chances of achieving success. Management strategies are a set of techniques for controlling and directing an organization to achieve its objectives and goals. In the course of business conflicts may occur. This may hinder the realization of the organizational objectives and goals. Some of the approaches/strategies used to manage conflicts include: accommodating, dominating, compromise and collaborating. Sammy (2016) did a study on the influence of implementation of strategies of conflict management on performance of employees at Kenya Power. The finding was that there was evidence of significant relationship between accommodating strategy and performance of the company. The study did not address MFIs, a gap which the researcher sought to fill. A study by Olu and Dupe (2012) investigated the impact of conflict management on performance of employees Power Holding Company of Nigeria (PHCN). The study found that there was a correlation between dominating strategy performance of the company. However, a gap exists in that the study was done outside of Kenya and outside of the financial sector. The researcher seeks to fill the gap by considering MFIs in the Kenyan financial sector.

Omweri (2013) found that the compromising style was reflected in behavior that was intermediate in both co-operation and assertiveness. A gap exists in that the study was done long in the past. The researcher

seeks to fill the gap by getting more current data from more current period. Momanyi and Juma (2016) did a research study on the influence of strategies of conflict management on satisfaction of employees at Kenya commercial bank Kenya limited. They found a significant relationship between strategies of conflict management and satisfaction of employees. The study, however, failed to consider MFIs. The researcher seeks to fill the gap by considering the MFIs. The research study seeks to find out if accommodating, dominating, compromise and collaborating strategies affect performance of MFIs. This study, therefore sought to assess the how conflict management strategies influence performance in MFIs in Nairobi.

### **1.3 Objectives of the study**

The study aimed to achieve the following objectives:

- i. To establish the influence of accommodating strategy on Organizational performance in Microfinance Institutions in Nairobi
- ii. To assess how dominating strategy affects organizational performance in Microfinance Institutions in Nairobi.
- iii. To determine the influence of compromise strategy on Organizational performance in Microfinance Institutions in Nairobi.
- iv. To examine the influence of collaborating strategy on organizational performance in Microfinance Institutions in Nairobi.

## **II. Literature Review**

### **2. Literature review**

#### **2.1 Theoretical Review**

##### **2.1.1 Contingency Theory**

The contingency theory relates to leadership. It was formulated by an Austrian psychologist Fiedler, (1964). It puts emphasis on the criticality of the situation in which the leader operates as well as that leader's personality. This is an organizational theory that argues that there is no best way to organize a company, to lead it, or to make decisions. Instead, the best course of action is contingent upon the external and internal constraints which include the managerial assumption about their employee, the size of the company, how its adapts to its environment, differences among resources and operation activities, strategies and technology used.

The theory explains that employee performance is result of interaction of two factors situational favourable and leadership style. Fiedler further states the effective decision procedure depends on the situation and the amount of relevant information and the likelihood that sub-ordinates will co-operate in trying to make a good decision if followed to co-operate.

Simply put, contingency theory argues that when managers make an organizational decision, they consider every aspect of the prevailing situation and act on those aspects that are important to the current situation. This theory has relevance to the study in that managers and organizational leaders, when dealing with conflict issues, should always act in a way that will have minimal negative effects on organizational performance.

##### **2.1.2 Stakeholder Theory**

The stakeholder theory was fronted in 1984 by Edward Freeman. The theory revolves around the issues relating to the stakeholders in an institution. Its stipulation is that an entity invariably seeks to strike a balance between the interests of its different stakeholders so as to make sure that each and every interested stakeholder gets some degree of satisfaction. There is, however, an argument that this theory is narrow (Coleman, 2008) for the reason that it fails to recognise other interested parties by identifying shareholders as the one and only interest group of a corporate entity.

In more recent business models, an organization transforms the inputs of investors, suppliers and employees into forms that are saleable to clients, thus returns back to its investors and shareholders. This model pays attention to the needs of shareholders/investors, suppliers, customers and employers. With regards to the above scenario, stakeholder theory postulates that the parties involved should include political groups, governmental bodies, trade associations, trade unions, associated corporations, prospective employees, communities and the general public. This theory has gained prominence because researchers and scholars have realized the actions taken by a company has an impact on its external environment. These actions need accountability of the whole company to a more sophisticated and wider and audience than just the shareholders (Coleman, 2008).

This theory is relevant to the study because it explains about stakeholders who include both employees and management of an organization. Organizations will, therefore, choose strategies of managing conflict that will result to the best effect on the performance. This means that both managers and employees, as stakeholders, will favour the best strategy in a given situation.

### **2.1.3 Human Relation Management Theory**

The human relation theory was postulated by Mayo, (1933), it analyses the how social relations, employee motivation and satisfaction affect productivity in the factory. Mayo stressed on the natural groups' power, where social aspects take priority over functional firm structures, the requirement for reciprocal communication, where communication is two-way, from bottom to top as well, and the setting up of high quality leadership so as to communicate goals and objectives and to make sure of decision making that is coherent and effective.

Organizations require that their employees be in a position to communicate and convey information successfully, to be in a position to interpret colleagues' emotions, to be open to colleagues' feelings, and to be in a position to solve conflicts and arrive at resolutions as this theory does not recognize conflict as a creative force. By having the skills, the management level employees and the clients can maintain better and more compatible relationships. Some of the strategies for management of conflict are connected to this theory, whereby integrating strategy aims at solving conflicts through two-way communication and it shows concern for both self and other employees, also conflict is seen as bad or a problem just like avoiding strategy does. This theory links to the first objectives which is on accommodating strategies.

## **2.2 Empirical Review**

### **2.2.1 Accommodating Strategy and Organizational Performance**

Accommodating includes reducing to the bare minimum or pressing down any differences, whether perceived or real, while paying attention to the other party's views about the same situation. A manager that employs accommodating style of managing conflict pays attention to the needs of the other party more than he does his own. Schermerhorn (2000) posits that a person that utilises accommodating style of managing conflict appears to be co-operative but assertive. They agree to the wishes of the other party, overlooking or smoothing over the differences so that they can maintain harmony. Accommodation leads to a lose-win solution and a good relationship between parties is made. According to Eisenhardt, Kahwajy, and Bourgeois, (2012), the relationship is made when conflicting parties appeal for co-operation and endeavour to reduce stress and tension by giving reassurance and support for the views of the other party's.

A study by Adomi and Anie (2006) revealed that most of the respondents felt that conflict was positive and that it could be stimulated by library managers. The study further revealed that interpersonal conflicts were the most common conflicts in Nigerian libraries, and that accommodation strategy ranked highest as technique of conflict avoidance.

Ajike, Akinlabi, Magaji and Sonubi (2015) did a research study that examined how conflict management affect organizational performance of banks in Nigeria. They used Access Bank public limited company as a case study. A sample size of 81 was used for the study. SPSS was used to do descriptive and regression analysis to analyze the relationship between management of conflict and performance of the bank. The findings uncovered a significant positive relationship between management of conflict and performance of organizations. They made recommendations that management come up with different but appropriate strategies that will bring about resolutions and management of conflicts as they arise before they grow to greater level in the bank. A gap exists in that the study was done in Nigeria and in commercial bank. This research study will fill the gap by being done in Kenya and considering microfinance institutions.

Sammy (2016) did a study on the influence of implementation of strategies of conflict management on performance of employees at Kenya Power. Descriptive research design was adopted by the study. The research study targeted 1055 respondents. The study's sample size comprised of 290 respondents. The sample was composed of 268 support staff, 11 line managers and 11 senior managers and arrived at by use of simple purposive sampling and random sampling design. Questionnaires were the main data collection instrument. A pre-test was conducted to ensure validity and reliability. The research supervisor's opinion was obtained to ensure content validity of the research instrument. Data was analysed using SPSS (20.0). The study reached conclusion that there was a relationship between strategies of managing conflict strategies and performance of employees and that the popularly used strategies were avoiding, obliging and integrating strategy and it was advisable for the company to highlight and make use one or two strategy so that objectivity is observed. The study made recommendations that efforts be put by the management to arrange for workshops and seminars on how companies can manage conflicts, regularly for employees and also that the management the company make sure that they have clear policy on their conflict management strategies that govern employees in the company and have at least one specific strategy that is deemed suitable for the company's conflict management. Regular research be done in order to gain an understanding of what other companies do in case they have conflicts. A gap exists in that the study did not consider microfinance institutions. This research study will fill the gap by conducting the study on microfinance institutions.

### **2.2.2 Dominating Strategy and Organizational Performance**

Dominating approach is linked with high self-concern and low concern for the other party, whereby one party goes all out to succeed his or her objective and, consequently, more often than not fails to consider the needs and expectations of the second party (Mooney, Holahan & Amason, 2007). Here each party strives to gain at other's expenses. In extreme cases, one party achieves its desire to exclusive of other party's want. This strategy should be implemented in an organization when relationship among employee is not important and he further said that when employees are not in good terms with one another they tend to concentrate with what they are doing, and never spend much time in gossip or talking, as a result conflicts are reduced and strikes caused by incitements are hard off, as a consequence employee performance becomes splendid with high growth in the organization. (Rahim, 2011) concluded that this strategy has patronizing apprehension for self and little apprehension for other.

This competing approach (also referred to as dominating style) includes the application of force and other forms of power to control/dominate the other party or groups so as to put pressure on them to agree to your own view of the situation. It includes refusing to co-operative but being assertive, working to negate the other party's wishes and being involved in win-lose competitions and/or coercing through the exercise of authority (Schermerhorn 2000). Competitors, general, have low or little concern for their very own needs. They are always interested in imposing their own will and are very low in co-operation. Dominating tends to be a style oriented towards power. For one to use it with success, they ought to have sufficient power and authority to coerce their resolution on the other party or group. Such a person may hold the balance of power because they rank highly in the hierarchy of the organisational and hence they have more authority than others. They may have important control over key resources such as budgets, important knowledge and personnel or be connected to powerful groups, (Clerkin & Jones, 2013).

A study by Olu and Dupe (2012) investigated how of conflict management affects performance of employees in a public sector organisation. They used Power Holding Company of Nigeria (PHCN) as the case study. The study used survey type of research design. The study used a sample of 100, arrived at by use of stratified sampling technique. Questionnaires were utilised to gather primary data. Collected data were analysed by use of descriptive statistics. Regression analysis and correlation coefficient were used to test the research hypotheses. The findings showed that effective conflict management improved performance of employees and that a company's system of conflict management influenced the performance of employees in the company. It was recommended that organisations should endeavour to train and retrain its staff in area of management of conflict so as to create a working environment that is conducive for employees and that there should be effective and efficient communication between and among all the different categories of the employees of the company so as to reduce conflicting situations in the company. The study was conducted outside of Kenya and in the public corporation. This leaves a gap which this research study seeks to fill. The gap will be filled by considering Kenya and the privately owned companies (the MFIs)

### **2.2.3 Compromise Strategy and Organizational Performance**

Omweri (2013) found that the compromising approach was reflected in intermediate behaviour in both co-operation and assertiveness. This approach is based on the give-and-take process and may include negotiation. The strategy of compromising is adequate in addressing interpersonal conflict in cases that it benefits all the conflicting individuals. The compromise tactic is best employed when objectives and goals are crucial but not necessitating the resources or possible disturbance of methods that are more assertive (Okumbe, 2001).

A paper by Mba (2013) examined how conflict management affects performance of employees' in Julius Berger Nigeria public limited company. It viewed conflicts in a company as a dispute that arose whenever values, goals or interests of different individuals or groups were not compatible with each other. The research questions paid attention to the degree of the association between strategies of conflict management and performance of employees and management/employee perception of how effective conflict management approaches in the company were. A descriptive research design was employed in carrying out the study using a purposely selected sample of 50 respondents made up of 50% non-managerial employees and 50% managerial employees of the company. The main aspect of the research study was the utilisation of cross sectional survey research design in collecting the needed primary data. Collected data was analyzed by use of inferential and descriptive statistics. Findings from the analysed data showed that there was a significant relationship between strategies of conflict management and performance of employees and no there was no difference between non-managerial and managerial employees' perception of how effective different approaches to management of conflict were. The study was done outside of Kenya and more than five years ago presenting a gap which the research set out to address. This will be done by using more current time period and using data from Kenya.

A study on conflict containment and settlement approaches taken up by Kenyan commercial banks was done by Edwin (2013). The purpose of the research was to establish conflict management tactics applied by

Kenyan commercial banks and to find out the challenges of conflict management faced by commercial banks in Kenya. The study employed descriptive research design. The study had a target of 43 banks in Kenya. The main data collection instrument of the study was questionnaires. SPSS was utilised in the data analysis. The findings of the study revealed that commercial banks used strategies of compromising, accommodating, competing, avoiding and collaborating. The most popularly approaches were avoiding and collaborating. The findings also showed that the banks faced challenges of changing environment, personal differences, difference in faith and culture, varying methods of managing conflict, critical skills related to dealing with difficult situations and people, competition over resources that are scarce, the creation of structure for the process of consensus and cooperative discourse. The most common challenge was that of competition over scarce resources. A gap in this study is that the study considered commercial banks only. This research study will fill the gap by considering MFIs.

#### **2.2.4 Collaborating Strategy and Organizational Performance**

Collaborating approach of managing conflict is sometimes referred integrating or problem-solving, it includes solving problems and working through conflict differences in a way that everyone ends up winning. The approach seeks to get a resolution to the conflict by having maximum focus on the concerns of both parties. According to Clerkin and Jones (2013), success in solving problem needs that conflicting parties express a readiness to collaboratively work with a view to reach a solution that is integrative, addressing the plight of every party concerned.

According to Brahnam et al. (2005), the managers actually highly value positive associations with others. The managers normally work towards making other staff members happy be it at their own expense. Literature seems to favour the employment of collaborative approach and highlights those strategies of collaborative management produce decisions that are of better quality compared to strategies that are distributive.

Obereke (2014) argues that because there is usually more emphasis on inter-organizational and less on competitive negotiation relationships by modern organizations, it does not turn out to be astonishing that in business, collaboration was preferred the most in conflict containment and settlement, that is the win-win tactic of conflict containment and settlement, collaboration is the only approach to conflict management that takes into account the interests of both conflicting parties and pays attention to shared advances, and thus it is offered that the approach results into better results and more thorough exploration of the issues that are contentious (Obereke, 2014).

Factually speaking, each of the approaches have many outcomes on the behaviour of managers and organisation. Indeed, using accurate approaches lead to organizational development organisation and leads job satisfaction among employees. Among the employees, consciousness on the appropriate tactic provides an appropriate environment for operating and minimises negative emotional state towards tasks (Wooldridge, Schmid & Floyd, 2008).

Momanyi and Juma (2016) did a research exploring how strategies of conflict containment and settlement affect employee satisfaction at Kenya Commercial Bank Kenya limited. The objective of the study was to establish if the strategies of managing conflict influenced satisfaction of employees. The study employed both quantitative and qualitative research designs. Snowball sampling was employed to choose 10% of the targeted population. The study used a sample size of 200 respondents from a targeted population of 2000 staff. Structured questionnaire was employed in data collection. Analysis of the data was done by use of both descriptive statistics and inferential statistics. The study uncovered that the bank faced the challenge of difference in culture and faith, challenge of personal differences, various means of conflict containment and settlement, drawback of crucial competencies related to dealing with challenging situations as well as people, drawback relating to changing environment, drawback regarding competing for essentials that have scarcity, the drawback of establishing structure for methods of consensus, drawback relating to then discourse of cooperative and the change challenge.

The study further revealed that the bank made use of the approaches of competing, avoiding, accommodating, compromising, and collaborating at different degrees. It was suggested in the study that the bank management should take huge step on trainings on how to manage conflicts so as to acquire the knowledge and skills of how to manage conflicts. The commercial banks' leadership in the country ought to also make sure clear policies exist on conflict containment and settlement which oversee staff in their respective banks as well as clear strategies towards conflict containment and settlement. It was further proposed that future studies be carried out in different sectors to ascertain any similarities on how satisfaction of staff is influenced by strategies of conflict containment and settlement. The study was done on commercial banks which leaves a gap as far as MFIs are concerned. This research study will, therefore, fill the gap by considering MFIs.



### **2.2.5 Organisational Performance**

Purkayastha and Chaudhari (2011) posit that the need to better organizational and employees' performance has gained prominence as part of endeavours to improve the achievement of organizational objectives and goals. So as achieve the desired performance, it is important for the alignment of the firm objectives with the employees' skills, competency requirements, agreed measures, plans of development and the results delivery. Even though traditionally organizational success has been operationalized in using measures that are financial in nature, there are researchers who made proposals for broader construct of organizational performance.

Hotepo (2010) conducted a research study whose purpose was to find out how conflicts in organization on affect the performance of the organizations. This was done through investigation of the causes, reason, types, and approaches to conflict containment and settlement in a number of Nigerian service sector companies, at the intention of identifying various means aimed at achieving an improvement in productivity and performance in the same companies. The study adopted the descriptive research design and made use of questionnaire to gather data from 96 executives in some selected road transport, insurance companies and airline across the city of Lagos. The research identified limitation in resources as the major reason for conflict and that conflicts had both positive and negative effects among companies, which if managed appropriately, the positive results could be employed to bring out collaboration among staff and encourage innovativeness in the company.

Miao, Tien, Chang and Ko (2010) found out that conflict within relationships had a bigger learning achievement impact as compared to conflict regarding process. The researchers explored the how dysfunctional conflict, with cognitive style as a moderating variable, affected learning performance in the Chinese cultural context. The findings revealed that there was a quadratics association between learning performance and process conflict. It furthermore was uncovered that conflict within relationships had a bigger learning achievement impact as compared to conflict regarding process.

A study by Asokere, Hotepo, Abdul-Azeez and Ajemunigbohun (2010) investigated how organizational conflict affects performance of organizations. This was done by investigating the ignitors, kinds, reason and methods of conflict management in specific service organizations within Nigeria, with the intention of bringing out ways of improving their productivity and performance. The descriptive approach as well as questionnaires were applied as data collection instrument among 96 executives in chosen road transport, airlines and insurance firms within the metropolis of Lagos. The research study found out that limitation in resources was a big reason for conflict and that conflicts led to both positive and negative effects in organizations, but if properly managed, the positive effects could be utilised to encourage innovativeness in organizations and build organizational cooperation among different staffs. The research surveyed how the management of conflict influenced the performance of organizations with reference to executives in airlines, hotels, insurance companies and road transport in Lagos.

The research in addition investigated participants' individual attributes, their standpoints concerning conflict prevalent across service sector, staff classes they have had conflicting experience against, kinds of conflict undergone and the causes, issues that brought about the conflicts across the service sector, together tactics towards conflict containment and settlement in organizations to better organization's productivity and performance. The study's significance lied in its results enabling service sector executives acquire deep insights regarding the reasons for conflict as well as ways of containment and settlement of service sector conflict in Nigeria and beyond Nigerian borders. It was intended that the research generates results which would improve the comprehension of the notion of conflict as well as how the concept has been contained and settled in the Nigerian service sector. The study was done outside of Kenya and did not consider microfinance institutions. The present research sets out to fill the gap by considering microfinance institutions in Kenya (Asokere et al., 2010).

Abdullah (2015) sought to examine what impact of conflict management had on the effectiveness of the Jordanian Ministry of Higher Education. He also sought to assess factors that generated interpersonal conflict and what method of conflict-management was applied in situations of conflict. The study outcomes showed that the action of assenting played the most crucial role in treatment of conflict, managing use turned out to be a function of other different variables. The study recommended that it was needful to make use of the concept of managing conflict on effectiveness of companies. The study considered the education sector rather than the financial sector and was done outside of Africa. This research study will fill that gap by considering the financial sector and will be done in Kenya.

Abdul and Sehar (2015) did on research study on conflict management and organizational performance Askari bank limited. They found that that the viewpoint of participants on strategies used to manage conflict was not affected by education. On the same breadth, there was no significant difference between the opinions by male and those of female respondents about the ignitors of conflict. There was, however, significant effect of conflict on the performance of the bank. The study suggested that managers ought to use strategies of conflict management that lead to an enhancement in the performance of the company, separate from making sure a free

flow of communication between employees and the management and also promote interpersonal relationships among staff and employees so as to boost their morale.

A research study by Muriuki, Cheruiyot and Komen (2017) sought to make an exploration of how corporate governance influenced performance of Kenyan state corporations moderated by board strategies of managing conflict. The study used was a survey and employed data with 375 participants with an achievement of 82.4% response rate. Data was analysed by use of SPSS. Linear regression model was made use of to make a determination of the relationship between performance of state corporations and corporate governance. The study findings discovered that board strategies of managing conflict were crucial factor in conflict resolution among board members and in state corporations. After conflict resolution, the study uncovered that the performance of state corporations changed by 7%, for the better. The researcher recommended the use of negotiation, mediation and arbitration strategies in reaching resolutions to conflict in the state corporation for the efficient and effective delivery of services. A gap exists in the study in that it was not done in the financial sector. This research study sought to fill the gap by considering MFIs, which are in the financial sector.

### 2.3 Conceptual Framework

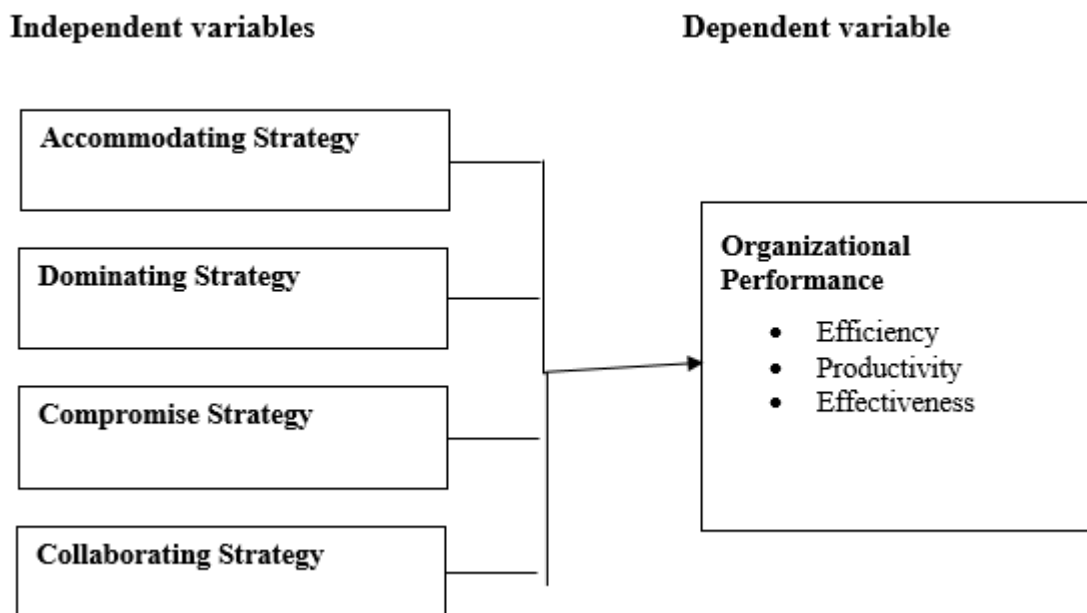


Figure 1: Conceptual Framework  
Source:(Researcher, 2020)

## III. Research Methodology

### 3.1 Research Design

The research opted for a descriptive survey as it would make it possible for the researcher to track the activities of research and ensuring that the eventual research aims are realized (Rumsey, 2012). Descriptive design enabled the researcher not only give an account of the results but as well evaluating, analysing, associating and interpretation of the data. Sekaran (2012) argues that the descriptive survey sets out to establish the position on the ground without having a manipulation factor.

### 3.2 Target Population

This research targeted heads of departments of Micro Finance Institutions in Nairobi. Nairobi City has got 18 Micro Finance Institutions which are headquartered in the city. Micro Finance Institutions have got five very important departments with regards to conflict. They include Operations, Customer Service, Human Resource, Information Technology and Marketing. These departments were selected because they are the main pillars that deal with conflicts in the organization. The operation department deal with conflicts arising between staff within the department. These staff ensure that the end product which reaches clients is what was intended. Customer service department deals with conflicts involving customers. The human resource department deals with organization-wide conflicts arising between staff and those which relevant heads may not be able to handle. The information technology department deals with conflicts arising from use of technology resources within the institution. For the sake of this study, the researcher selected heads of department, of the five departments in

each of the Micro Finance Institutions in Nairobi. This translates to five for each Micro Finance Institution, thus 90 for all Micro Finance Institutions

### *3.3 Sampling Technique and Sample Size*

This research study employed census in which every possible identified respondents was given questionnaires. Mba (2013), who employed census in his study, posits that in a census where every item is enumerated, no element of chance is allowed hence highest level of accuracy is achieved. Further, Sekaran (2012) argues that census technique makes it possible to achieve as high degree of accuracy as possible, more than other sampling techniques. It gives complete information as a result of each and every item being investigated carefully. This implies that census sampling technique is a highly reliable data collection method. The study, therefore, used a sample size of 90.

### *3.4 Data Collection Instrument*

Primary data was gathered in this research through questionnaires. Rumsey (2012) further posits that research questionnaires ensure great levels of data normalization as well as enhanced utilization of information that is generalized for any population in research. Questionnaires come handy as it is necessary to get information easily and quickly through non-threatening means.

The researcher confirmed research tool validity by discussing the tool with research supervisors who are experts in research. In order to ensure reliability of the research instrument, a pre-test was done on supervisors of all Micro finance institutions in Nairobi who were not involved in the actual study.

### *3.5 Data Collection Procedure*

For the first test, the researcher administered the questionnaires to eight respondents who were randomly picked among the procurement staffs in Muranga county government. The rule of the thumb is that 10% of the sample should constitute the pilot test, (Cooper & Schilder, 2014). Questionnaire validity was provided through adequate coverage of the topic under investigation as per the expert advice. The construct validity was ascertained by defining clearly the variables to be measured. The results from reliability indicated that all the variables had Cronbach alpha coefficient values greater than 0.7. Thus, the study instruments met the required reliability threshold and thus were considered reliable for data collection.

The researcher made arrangements to and sent out the research questionnaires to the research study respondents. They, respondents, were then given three days to read through and fill the questionnaires. Finally, the research questionnaires were collected back for analysis. The researcher exercised utmost control and care to make sure that as many questionnaires as possible sent out to the respondents were collected back. The questionnaires were administered by dropping them and collecting the dully filled ones later. Contact persons were used to make sure that as many questionnaires were filled as completely as possible and that as many questionnaires as possible were collected back for the reason of analysis.

### *3.6 Data Analysis and Presentation*

After collection back of the questionnaires, they were checked for completeness and accurate recording of the responses from the respondents. The collected information was then coded, fed and later analyzed by the utilization of Statistical Package for Social Sciences version 24.0.

Outputs were visualized in tables which gave records of the frequency of occurrences of a response or score. They, scores, were illustrated by use of tables and percentages to represent data in a tabular way. Regression model was utilized to determine the association between the outcome and predictor factors with the equation:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where Y = MFI Performance

$\beta_0$  = Beta constant

$\beta_1$ - $\beta_4$  = Represent the regression coefficients

$X_1$  = Accommodating Strategy

$X_2$  = Dominating Strategy

$X_3$  = Compromise Strategy

$X_4$  = Collaborating Strategy

$\varepsilon$  = the error term.

## **IV. Findings and Analysis**

### **4.1 Inferential Statistics**

The study aimed at establishing the underlying relationships between the independent and dependent variables. Additionally, this research aimed at assessing the degree at which the independent variables affected the dependent variable. To achieve this end, a multiple regression model was applied. The multiple regression

model was preferred because according to Hu (2014) it enables determination of the relative influence of one or more independent variables on the dependent variable and the ability of the model to help identify outliers, or anomalies, if there are any.

**4.2 Model Summary**

Model summary shows the results of the regression in a summarised way. The summary is shown on Table 4.1.

**Table 1: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
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The results in Table 4.12 revealed that the model correlation coefficient value (represented by R) was 0.996. Furthermore, the table shows that the r value greater compared to any other zero order value within the same table. This implied that the regression model exhibited improvement when there was incorporation more variables in trying to evaluate effect of conflict management strategies on MFI performance in Nairobi. The R square value (R<sup>2</sup> = 0.993), implied that the variables (accommodating strategy, dominating strategy, compromise strategy, and collaborating strategy) in the multiple linear regression model explained 99.3% of all the variations in the performance of MFIs in Nairobi.

**4.3 Regression Analysis**

The study employed the multiple regression analysis to survey the significance of the association between predictor factors (accommodating, dominating, compromise and collaborating strategies) variables and the outcome factor (performance of MFIs). The multiple regression model was used because it enables determination of the relative influence of one or more independent variables on the dependent variable and the ability of the model to help identify outliers, or anomalies, if there are any (Hu, 2014). The result is summarized and shown in Table 2

**Table 2: Multiple Regression Model Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	-1.681	.483			
1	Accommodating Strategy	-.356	.132	-.293	-2.709	.008
	Dominating Strategy	.815	.210	.694	3.875	.000
	Compromise Strategy	-.593	.195	-.530	-3.045	.003
	Collaborating Strategy	1.179	.088	1.121	13.428	.000

a. Dependent Variable: Organizational Performance

Source: Research Data (2020)

The data portrayed on Table 2 portrays that the greatest effect on performance of MFIs compared to the other three variables was by collaborating strategy. This was demonstrated by the coefficient of 1.121. This implied that, holding other things constant, a degree variance in collaborating strategy would result in 1.121 change in performance of MFIs in the same direction. The next most influential variable was dominating strategy. This was shown by a coefficient of 0.694. This infers that a degree change in dominating strategy would lead to 0.694 change in performance of MFIs in the same direction, holding other things constant. The third most influential variable was accommodating strategy. Accommodating strategy had a coefficient of -0.293. This implied that a degree variance in accommodating strategy would result in 0.293 inverse change in performance of MFIs. The least influential variable was compromise strategy. The variable had a coefficient of -0.530. This implied that a degree variance in compromise strategy would result in 0.593 inverse change in performance of MFIs.

A regression equation may be derived. The resultant multiple regression model is  $Y = -0.293X_1 + 0.694X_2 - 0.530X_3 + 1.121X_4$ .

X1 denotes accommodating strategy, X2 is dominating strategy, X3 is Compromise strategy and X4 is collaboration strategy. Y is performance of MFIs in Nairobi.

The data portrayed on Table 2, there existed an inverse relationship between MFI achievement in Nairobi and accommodating strategy. Accommodating strategy had a significance of 0.008. Comparing this against the significance level of 5% (0.05), the conclusion reached is that the relationship is significant. The findings agree with that of Sammy (2016) which concluded that there existed an association between employee performance and conflict management strategies. Management of organisations should therefore, pay attention to conflict management. This finding, however, contradicts that of a study by Ajike, Akinlabi, Magaji and Sonubi (2015) which revealed a significant positive correlation between accommodating strategy and

organisational performance in Nigerian banks. This finding was inconsistent with the HRM theory. The theory argues that if there is positive relation between employees and management, the performance of the organization will be positive too. This means bad relationship will lead to poor performance.

Table 2 showed a positive association between dominating strategy and performance of MFIs in Nairobi. Dominating strategy had a significance of 0.000. In comparison to the significance level of 0.05, it leads to a conclusion that the relationship is significant. This finding agrees with the findings of a research study by Olu and Dupe (2012) which discovered that effectiveness in conflict management improved performance of employees and that conflict management system of an organisation influenced the performance of employee in the organisation. This finding is inconsistent with the contingency theory. This means that employing non-cooperation will

Findings on Table 2 show that there existed an inverse relationship between compromise strategy and performance of MFIs in Nairobi. Compromise strategy had a significance of 0.03. Comparing this against the significance level of 5% (0.05), the conclusion reached is that the relationship was significant. The findings diverge from that of Mba (2013) which uncovered a notable association between employees' performance and strategies of conflict management. The findings disagree with the stakeholder theory. This means that the findings did not support what the theory states. The theory suggested compromise would lead to better organizational performance but the finding showed an inverse relationship.

Table 2 portrayed a positive association between collaborating strategy and performance of MFIs in Nairobi. Collaborating strategy had a significance of 0.000. In comparison to the significance level of 0.05, it leads to a conclusion that the relationship was significant. This finding was similar to that of Momanyi and Juma (2016) which discovered a positive and notable link between organizational performance and collaborating strategy among Kenyan commercial banks. This finding agreed with the stakeholder theory. The theory argues that organizations the best strategy concerning employees should always be employed. The argument was consistent with the findings of the study.

#### 4.4 Analysis of Variance (ANOVA)

Analysis of variance was employed to test the significance of the model and by extension its suitability in using it to make a general conclusion on the population (Table 3).

**Table 3: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	2874.002	4	718.500	2765.738	.000 <sup>b</sup>
Residual	20.263	78	.260		
Total	2894.265	82			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Collaborating Strategy, Accommodating Strategy, Compromise Strategy, Dominating Strategy

#### Source: Research Data (2020)

According Table 3, the F calculated value of 2765.738 meant that the overall model was significant and could thus be utilised to arrive at conclusions about the population parameters. This was supported by the p-value (0.00) being lower than the significance level (0.05).

#### 4.5 Correlation Analysis

The coefficient of correlation normally ranges from -1 denoting a perfect negative correlation to +1 denoting a perfect positive correlation while 0 reveals non-correlation. The purpose of the matrix of correlation is to reveal the degree at which alterations in a factor's value is linked with alterations in another factor. Values that are larger than 0.5 point to a correlation between factors while values that are lower than -0.5 indicate non-correlation. To get the correlation, Pearson correlation test was run on SPSS, and the summary of the result is shown on Table 4.

**Table 4: Pearson Correlation Coefficients**

	Accommodating Strategy	Dominating Strategy	Compromise Strategy	Collaborating Strategy	Organizational Performance
Accommodating Strategy	1	.996**	.995**	.986**	.976**
Dominating Strategy	.996**	1	.998**	.993**	.986**
Compromise Strategy	.995**	.998**	1	.993**	.984**
Collaborating Strategy	.986**	.993**	.993**	1	.995**
Organizational Performance	.976**	.986**	.984**	.995**	1

**Source: Research Data (2020)**

Table 4 show that the smallest correlation value was 0.976 while the highest value was 0.995. Accommodating strategy had a correlation coefficient of .976. This meant that there was a significant relationship between accommodating strategy and performance of MFIs. Dominating strategy had a correlation coefficient of 0.986. This implied that there was a significant relationship between accommodating strategy and performance of MFIs. Compromise strategy had a correlation coefficient of 0.984 This meant that there was a significant relationship between accommodating strategy and performance of MFIs. Collaborating strategy had a correlation coefficient of 0.995 This implied that there was a significant relationship between accommodating strategy and performance of MFIs.

## V. Summary, Conclusions and Recommendations

### 5.1 Summary of the findings

#### 5.1.1 Accommodating Strategy and Organizational Performance

Participants affirmed to statements about accommodating strategy. This was shown by means between 3.93 and 4.36. The results from the regression model showed a significant inverse relationship between accommodating strategy and performance among MFIs in Nairobi. Results of the regression model showed that there existed an inverse relationship between accommodating strategy and performance of MFIs. The findings agree with that of Sammy (2016) but contradicts that of a study by Ajike, Akinlabi, Magaji and Sonubi (2015) which revealed a notable positive association between accommodating strategy and organisational performance. The findings are further in agreement with Schermerhorn (2000) who argues that an individual that utilises the accommodating tactic in conflict containment and settlement appears as assertive but co-operative.

#### 5.1.2 Dominating Strategy and Organizational Performance

Respondents agreed with a third of the statement, were neutral to a third of the statements and disagreed with a third of the statements about dominating strategy. The results from the regression model showed a significant positive relationship between dominating strategy and performance of Microfinance institutions.

Dominating strategy had a significance of 0.000 against the significance level of 0.05, it leads to a conclusion that the relationship is significant. This finding agrees with the findings of a research study by Olu and Dupe (2012) which discovered that effectiveness in conflict management improved performance of employees and that conflict management system of an organisation influenced the performance of employee in the organisation. Further, the findings are in agreement with Schermerhorn (2000) who argue that this competing approach includes application of various kinds of power including force to control and/or dictate the opposing party or individuals so as to put pressure on the party to agree to own standpoint.

#### 5.1.3 Compromise Strategy and Organizational Performance

Most respondents-two thirds-agreed with statements concerning compromise strategy. The remaining third was neutral. The findings from the regression model revealed there existed an inverse relationship between compromise strategy and performance of MFIs in Nairobi. Compromise strategy had a significance of 0.03 against the significance level of 5% (0.05). The findings diverge from that of Mba (2013) which uncovered a notable positive association between employees' performance and conflict management strategies.

#### 5.1.4 Collaborating Strategy and Organizational Performance

Most participants affirmed to statements concerning collaborating strategy. The results from the regression model showed a significant direct relationship between collaborating strategy and performance among MFIs in Nairobi. Collaborating strategy had a significance of 0.000 the significance level of 0.05. This

finding was similar to that of Momanyi and Juma (2016) which discovered that collaborating strategy positively influences organizational achievement.

### **5.1.5 Procurement Performance**

The study established that respondents agreed that their bidders always meet the set date of deliveries. Further, respondents agreed with the statement that their institution strategies focus is on reducing lead time. The study indicated that respondents agreed that procurement costs have reduced. On the other hand, respondents agreed that overhead costs have reduced. Respondents agreed that there has been enhanced quality of goods. Also, respondents agreed that there has been reduction in bidder quality problems.

### **5.2 Conclusions of the Study**

Conclusions are hereby made according to the study objectives. The results portrayed an inverse association between accommodating strategy and MFI achievement in Nairobi. It is also concluded that a notable and positive association exists between MFI success and dominating strategy in Nairobi. A negative association is revealed between compromise strategy and MFI success. This was shown by coefficient of -0.593 and significance value of 0.003. Finally, a direct and notable association is found between collaborating strategy and MFI success, revealed by coefficient of 1.179 and significance value of 0.000.

### **5.3 Recommendations**

This research study recommends that: Managers should avoid using accommodating strategy unless it is very necessary. This is because it showed a significant negative correlation with performance of MFIs in Nairobi. Managers should use dominating strategy to solve conflicts in the organization. This is because dominating strategy and MFI success are positively associated.

Managers should avoid using compromise strategy unless it is the only strategy that can fit the situation. This is because the findings revealed an inverse correlation between MFI performance and compromise strategy in Nairobi. Finally, managers should use collaborating strategy whenever they are able to. This is for the reason that there existed a significant direct relationship between collaborating strategy and performance of MFIs in Nairobi.

The research makes the following recommendations. This study was done on MFIs within Nairobi. The study, therefore, recommends that the same study may be replicated but now considering other financial institutions such as Sacco, non-bank institutions and commercial banks.

The study considered MFIs which are financial institutions. The study, therefore, recommends that the same study may be done on nonfinancial institutions such as companies and other business organisations. The study considered MFIs most of which are privately owned. It is thus suggested that the same study be done on publicly owned organizations.

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