EFFECT OF STRATEGIC ALIGNMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF SELECTED MICRO FINANCE INSTITUTIONS IN MERU COUNTY KENYA.

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE STRATEGIC MANAGEMENT OF MOUNT KENYA UNIVERSITY

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DECLARATION AND APPROVAL

Student Declaration

This project represents my own work and has not been submitted for any degree or award at another university.

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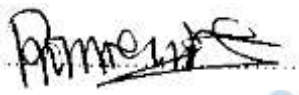
Supervisor Approval

I verify that the research outlined in this project was conducted by the candidate under my guidance.

Signature: .....  ..... Date: .....19/01/2024.....

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DEDICATION

I commit this endeavor to the individual who serves as my muse and brings me immense happiness.

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ABSTRACT

One of the most significant challenges affecting the financial sector pertained to issues such as loan non-repayment, a weak legal framework, and ineffective strategies for lender recourse and bad debt recovery. This had particularly impacted microfinance institutions, leading to Non-Performing Loans (NPLs) that diminish profits through credit losses and direct write-offs for loans turning into bad debts, ultimately reducing the funds available for lending. These challenges posed a serious threat to the stability and survival of some Microfinance institutions in Kenya. Recognizing this gap, the research delved into exploring the effect of strategic alignment on the performance of selected microfinance institutions in Meru County Kenya. The study aimed to examine specific objectives, including the assessment of cultural alignment, structural alignment, technology alignment, and resources alignment. Employing a descriptive research design, the study targeted 530 individuals comprising of Senior Managers, Tellers/Field Officers, and Customers of the ten selected Microfinance institutions within Meru County. Using Cochran (1977) formula as adopted by Chaokromthong and Sintao (2021) the study came up with a sample size of 223 respondents who selected randomly to participate in the survey. Primary data was collected using questionnaires, and the semi-structured instrument was pilot-tested by 20 staff from Key Microfinance. The questionnaires were delivered to the respondents' workplaces and subsequently collected for analysis, which involved both descriptive and inferential statistical methods. The research findings were presented through tables, figures, and discussions to facilitate qualitative analysis. Correlation analysis revealed that strategic alignment significantly impacted the performance of commercial banks, as indicated by r values and p-values ranging from 0.5 to 0.9. Among the various dimensions of strategic alignment, organizational structure alignment exhibited the highest r values, indicating the strongest influence on performance, followed by technological alignment, resource alignment, and finally organizational culture alignment, which had the least effect. Moreover, the results suggested that 64.2% of the variations in banks' performance could be attributed to strategic alignment. The study concluded that the implementation of strategic alignment by microfinance institutions contributed to their enhanced performance. Specifically, fostering a culture of information sharing, employee participation, and engagement, along with a well-organized structure that facilitated division of labor, coordinated work processes, and streamlined communication channels, led to improved performance. Additionally, embracing technological alignment through the adoption of modern banking technologies, investment in new technologies accessible to all staff, and ensuring the availability of financial and human resources under resource alignment further contributed to enhanced bank performance. The implication of these findings is that strategic alignment plays a crucial role in shaping the performance of commercial banks. Therefore, the study recommends that other microfinance institutions across different regions and organizations in various sectors adopt strategic alignment practices to enhance their performance. Furthermore, organizations aiming to improve profitability, market share, and overall satisfaction among customers and employees are advised to incorporate elements of strategic alignment into their operations.

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ABBREVIATIONS AND ACRONYMS

AML: Anti-Money Laundering

CBK: Central Bank of Kenya

CFT: Combatting the Financing of Terrorism

IT: Information technology

KYC: Know your customer

MFIs: Microfinance Institutions

RBV: Resource-based view

SPSS: Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The financial sectors in numerous western countries, as outlined by Waweru and Kalani (2014), underwent significant transformations since the 1980s. During this period, there had been a reduction or withdrawal of state regulations governing financial institutions. Research on the performance of Microfinance had gained considerable attention worldwide over the past decade Hermes & Hudon, 2019). To enhance equity and achieve economies of scale, global alignment had been implemented for key decision-making processes due to the highly competitive market. The collapse of Lehman Brothers, a US investment bank, in September 2008 posed a substantial threat to global financial systems. This event led to the withdrawal of some market players from financial systems, resulting in the collapse of world trade. The fear of a recurrence of the Great Global Depression of the 1930s loomed large. This situation had brought about a definite shift in the dynamics of the financial world, influencing the distribution of power and shaping the future operations of the global financial industry. Despite the challenges, there was a growing sense of optimism regarding the growth of the world economy and the financial industry overall (Gupta & Mirchandani, 2020).

In the African context, the Micro finance sector had encountered several challenges, including low commodity prices, the ability to sustain debts, the political environment, and the quality of loans impacting the financial sector. Two primary concerns within the sector involved diminishing reports on relationships with European and American financial institutions regarding fights against money laundering. The second concern revolves around the financing of terrorism and the reduced operations of some African

microfinance institutions by global banks, influenced by regulatory changes, especially in Europe.

Sub-Saharan Africa still exhibited underdeveloped financial and banking systems, characterized by small-sized MFI with low intermediation, making them less efficient in financial processes. Limited competition persisted, and accessing finance remained a challenge in Sub-Saharan Africa, negatively affecting enterprise growth. This impeded the region's ability to achieve its maximum growth potential. Despite some reforms, many African micro finance systems still faced constraints due to weak legal structures and small-scale markets (Hermes & Hudon, 2019).

Mongale (2023) proposed that strategic alignment integrated into the banking and financial sector could address existing challenges in Africa. Given the evolving business landscape, organizations made deliberate efforts to adapt and maintain strategic alignment at all levels to enhance performance. Effective strategies should be creative and viable, fostering steady organizational growth by ensuring cohesion between business processes and growth strategies. The microfinance sector in Kenya had experienced numerous changes over the past twenty years. To navigate financial crises and turn a profit, these MFIs increased lending, putting them at risk due to uncertainties in loan recovery, given high rates of default among clients. Diversifying income sources beyond an overreliance on interests became crucial for sustainable high performance.

1.1.1 Organization Performance

Assessing an organization and its performance was a significant concern for both market participants and researchers, as highlighted by various scholars (Agaba, Bosco & David, 2023; Alshurideh, et al., 2022; Mbugua & Kinyua, 2020). The focus on organizational performance revolved around how effectively an enterprise operated to achieve its vision, mission, and strategic objectives (Soltani & Wilkinson, 2020). The

evaluation of organizational performance involved comparing achieved results with intended goals, serving as an indicator of the organization's health and well-being. Through performance analysis, an organization gauged its effectiveness and identify areas for improvement, essentially obtaining feedback from its entire system (Muzny & Simba, 2019).

Existing empirical literature strongly supported the idea that various indicators can effectively measure organizational performance. For instance, Mbai, Muhoho, and Kinyua (2018) utilized customer satisfaction, service delivery growth, revenue, and service delivery indicators to evaluate the performance of Machakos Water and Sewerage Company in Kenya. Studies within the Micro finance industry also advocate for diverse indicators in measuring organizational performance. Metrics such as competition level, profitability, concentration, and productivity offer insights into the performance of MFIs (Ambarkhane, Singh & Venkataramani, 2019). Likewise, scholars evaluated the performance of microfinance institutions (MFIs) through various metrics such as efficiency, effectiveness, customer retention, innovation in processes, satisfaction of customers and employees, utilization of capacity, market share, and profitability, as noted by Navin & Sinha (2021) and Gabow & Kinyua (2020).

The model of the balanced scorecard (BSC), introduced by Kaplan and Norton in 1992, provides four perspectives for evaluating organizational performance. BSC served as a recommended framework for organizations to efficiently implement and manage strategy execution (Kaplan & Norton, 2005). Despite its emphasis on incorporating both financial and nonfinancial indicators, the BSC model had faced criticism for its reliance on financial measures for performance assessment (Zhang & Li, 2009; Muthoni & Kinyua, 2020). In this study, non-financial metrics including capacity utilization,

customer satisfaction, employee satisfaction, and market share was utilized to assess the performance of selected microfinance institutions in Meru County, Kenya.

1.1.2 Strategic Alignment

In the corporate realm, strategic alignment was an integral component of plans aimed at sustaining activities and operations. According to Volk and Zerfass (2020), strategic alignment entailed establishing a connection or achieving compatibility between the strategy and various institutional factors, including corporate culture, processes, systems, structure, and resources. They asserted that companies gain a competitive edge through superior skills and resources, encompassing unique human resources capabilities, available systems, market expertise, and physical resources for implementing strategies.

Within the scope of this study, strategic alignment examined through four key variables: structural alignment, cultural alignment, resources alignment, and technology alignment. These aspects were assessed using dimensions such as management structure, managerial personnel, administrative controls, and employee relations. Amanah, Hussein and Fadhil, (2022) underscored the importance of organizational structural alignment, emphasizing that it should be designed to attain specific goals. The primary focus of organizational structural alignment revolved around ensuring a match between IT decision-making structures and the organization's business objectives (Blanchard & Thacker, 2023).

Advocating for a shared understanding of an organization's purpose and core values among employees and senior management, Akter (2021) emphasized the importance of aligning specific needs within a firm. Their study highlights the alignment of values, cultural adoption, and employee engagement as essential components. Business cultural alignment, in this context, was assessed through indicators such as working

relationships, communication structures/systems, and cultural relationships at all organizational phases. The actual performance of individuals was determined by the integration of cultural and behavioral norms with applied tactical behaviors.

Drawing from empirical research, the measurement of business cultural alignment involved defined value systems, systems and structures, and employee relationships. Resources alignment encompassed various elements that should be harmonized with the firm's resources to enhance overall performance. Ongeti and Machuki (2018) noted commonalities in resource composition among firms and suggest utilizing resources such as human, financial, and capital resources to align the firm's strategies. The research took into account the availability and presence of the firm's resources, along with a strategy for aligning them with strategic objectives to enhance and achieve favorable performance. Aspects of measuring resource alignment cover organizational resources, owners/shareholders, and stakeholders.

In evaluating technology alignment, an open communication system between business and IT executives and a successful history of information systems were crucial. Technology alignment proved useful in designing and effectively communicating strategies throughout the organization for efficient performance. It also aided in establishing performance standards, structure, and consistency in management. According to Pal et al., (2021), MFIs were transitioning from traditional manual operations to digital modes, digitizing processes such as loan applications, disbursements, and Know Your Customer (KYC) documentation. This shift had led to more efficient services provided by MFIs to their customers.

1.1.3 Micro Finance Institutions in Kenya

Watkins (2018) defined microfinance as institutions that offer a variety of financial services, such as loans, payment services, and money transfers, mainly targeted at

individuals with low income who limited access to traditional banking services. Internationally, there had been prior critique indicating that microfinance played a significant role in diminishing poverty and encouraging economic initiatives among individuals, thereby mitigating poverty levels. The goal for regulators of microfinance institutions was to evolve these sectors into self-sufficient entities to support impoverished families. Investors and benefactors contended that microfinance could attain self-reliance by serving impoverished communities (Mayoux, 2020). Interestingly, Joseph (2021) supported the notion that the incorporation of prudent banking methods could further ensure the self-sufficiency of these financial bodies and, crucially, contribute to poverty reduction among their clientele.

The oversight of microfinance institutions (MFIs) in Kenya was managed by the Central Bank of Kenya (CBK). The governance of these entities was detailed in the Microfinance Act of 2008 and its subsequent regulations, which delineated the legal and operational framework. This Act empowered Deposit Taking Microfinance Institutions (DTMFIs) to collect savings from the public, thereby promoting competition, enhancing efficiency, and improving access to financial services. By August 2017, the CBK had granted licenses to fifteen (15) DTMFIs (CBK, 2018). MFIs played a crucial role in bridging financial service gaps by offering loan facilities to individuals.

Njagi and Kombo (2014) document the beginnings of microfinance in Kenya to 1984, marking the foundation of K-Rep as a Non-Governmental Organization focused on capital programs for Small and Medium Enterprises (SMEs), initially receiving support from World Associates. By 1989, K-Rep, which had evolved into Sidian Bank, shifted its emphasis towards micro-credit, making it the primary focus of its operations. This expansion in microfinance activities led to the establishment of The Association of Micro Finance Institutions of Kenya (AMFI) in 1999, under the Societies Act, with the

goal of reinforcing the microfinance sector in Kenya. As of 2020, AMFI reported having 59 member institutions, serving an estimated 6.5 million individuals (AMFI, 2020). Further market analysis suggested that by 2023, the microfinance client base in Kenya expanded to 11 million. The registered Deposit Taking Microfinance Institutions (DTMFIs) saw a consistent asset growth, exceeding 31%, and amassed Ksh. 220 billion by the end of December 2020 (Mutua, Jagongo, & Simiyu, 2020).

Within Meru County, a diverse range of microfinance institutions (MFIs) offered financial support to the community, especially targeting Micro, Small, and Medium Enterprises (MSMEs) involved in trade, agriculture, services, and various industries that contributed to sustainable human development. There had been a notable growth in the number of MFIs operating in the area, highlighted by the introduction of Meru County Microfinance. This particular institution was dedicated to assisting micro-entrepreneurs through a group-based lending model across the county. Additionally, MFIs were progressively implementing strategic alignment practices, including the development of structured financial products, investing in human resource training, enhancing the availability of financial resources, and leveraging information technology to boost their performance.

1.2 Statement of the Problem

In Kenya, the oversight of microfinance institutions was under the purview of the Central Bank of Kenya (CBK). The regulatory framework, comprising the Microfinance Act of 2008 and Microfinance Regulations, meticulously governs these institutions, delineating the officially recognized legislative and managerial components. This legislation empowered Deposit Taking Microfinance Institutions (DTMFIs) to mobilize savings from the public, fostering competition, efficiency, and accessibility. By August 2017, the Central Bank of Kenya (CBK) had authorized fifteen (15) Deposit Taking

Microfinance Institutions (DTMFIs) to operate (CBK, 2018). The fundamental role of Microfinance Institutions (MFIs) was to fill the voids within the financial services sector, particularly by providing loan services to individuals.

Meru County was home to a variety of microfinance institutions (MFIs) that provided financial aid to its residents, focusing especially on Micro, Small, and Medium Enterprises (MSMEs) active in commerce, agriculture, services, and other sectors that fostered long-term human development. The presence of MFIs in the area had grown significantly, a growth highlighted by the introduction of Meru County Microfinance. This institution specifically targeted micro-entrepreneurs, offering services through a group-based lending model across the county. With the widespread use of mobile phones and the availability of internet access through computers, MFIs were increasingly turning to social media platforms to engage with and reach their clientele.

The primary focus of this study was to assess the effect of strategic alignment on the performance of selected microfinance institutions in Meru County. The revolution in internet technology, particularly smart innovation, had brought about a significant transformation globally, presenting companies with a new outlook and a paradigm shift. Globally, banks adopted a range of information technology platforms to enhance customer service, leading to improved financial outcomes. Although this digital transition had been effectively integrated by banks, it appears that numerous Microfinance Institutions (MFIs) in Meru County faced challenges in adopting similar practices. This discrepancy raised critical questions regarding the effectiveness of such technologies in the banking sector in contrast to their underperformance in the microfinance sector. A study by Ahmad (2016) at Brunel University in London identified a significant relationship between the financial performance of MFIs and their strategic alignment, suggesting that the success of technology implementation may

hinge on how well it aligned with the institutions' overall strategy. Another study by Owino et al. (2016) focused on Equity Bank, with the main objective of uncovering the impact of information technology usage in Kenya. Otiso (2018) undertook a distinct research project focusing on the organizational structure and its influence on the quality of service delivered by commercial banks in Nandi County. The results of this study revealed that the organizational structure played a significant role in determining the quality of services provided by commercial banks in the area. It's noteworthy that while Otiso's study centered on service quality, the current research specifically concentrated on the aspect of performance.

In any research, the guiding principles involved addressing unexplored areas, where information was lacking, thus creating a foundation for a study commonly referred to as a gap. Study gap was identified during a review of various scholarly articles and the aforementioned studies. It became apparent that none of these studies ventured into examining the effect of strategic alignment and Microfinance Institution (MFI) performance. For this reason, the study was deemed necessary to fill this identified gap.

1.3 Purpose of the Study

The purpose of the study was to investigate the effect of strategic alignment on performance of selected micro finance institutions in Meru County, Kenya.

1.4 Specific Objectives

The study was directed by specific objectives, which encompass:

i. To determine the effect of organizational culture alignment on performance of selected micro finance institutions in Meru County, Kenya.
ii. To examine the effect of organizational structure alignment on performance of selected micro finance institutions in Meru County, Kenya.

iii. To assess the effect of technology alignment on performance of selected micro finance institutions in Meru County, Kenya.

iv. To evaluate the effect of resources alignment on performance of selected micro finance institutions in Meru County, Kenya.

1.5 Research Questions

The investigation was guided by the following inquiries:

i. What was the effect of organizational culture alignment ment on performance of selected micro finance institutions in Meru County, Kenya.

ii. How does organizational structure alignment affect performance of selected micro finance institutions in Meru County, Kenya.

iii. To what extent does technology alignment affect performance of selected micro finance institutions in Meru County, Kenya.

iv. What was the effect of resources alignment on performance of selected micro finance institutions in Meru County, Kenya.

1.6 Significance of the Study

This study provided policymakers with insights into the impact of strategic alignment on performance within the banking industry. Those responsible for strategic alignment within management were able to apply the study's discoveries to develop plans for addressing subpar performance. Furthermore, they were able to formulate and implement effective strategic alignment policies to enhance performance in their respective banks. The study's outcomes offered valuable guidance to financial institution managers, enabling them to comprehend how to tailor strategic alignment to their industries.

The findings of the study proved advantageous to the Kenyan government and micro finance industry regulators, providing them with valuable information about the role of

strategic alignment in performance. This information facilitated the development of policies that assisted firms in implementing their strategies, subsequently enhancing frameworks within financial institutions.

Academicians and business scholars were able to leverage the research findings to enrich their research themes and theoretical foundations. Additionally, the research identified gaps that guided future researchers in their endeavors.

1.7 Scope of the Study

Meru County was designated as the focal point for the study, situated in the Eastern region of Kenya (formerly Eastern province). With a vast coverage of over 7000km2 and a population of approximately 1.5 million people, Meru County was influenced by its location in the Mount Kenya region, shaping the way residents live and engage in various economic activities. The predominant economic activity was agriculture, serving as the main source of livelihood for the majority of the population. This reliance on agriculture was anticipated to attract the establishment of numerous microfinances, SACCOS, and banks in Meru County, seeking to cater to the extensive customer base. This unique context formed the basis for the research study in this area.

The study concentrated on ten registered Microfinance Institutions (MFIs) in particular: Faulu Kenya, Bimas, ECLOF, Jamii Bora, Kenya Women Finance Trust (KWFT), SMEP, Social Investment Support for Development Organization (SISDO), Unitas, Century Microfinance Bank Limited, and Meru County Microfinance Corporation. Additionally, Remu Microfinance Bank Limited, which was in the process of being rebranded to Key Microfinance Bank Limited, was utilized as the institution for a pilot study. It's important to note that the data gathered from Remu Microfinance Bank Limited was not be incorporated into the final analysis of the study. Its inclusion was solely for the purpose of refining the research questionnaire. The research engaged a

diverse group of participants, including senior managers, tellers/field officers, and customers, comprising a total population of 530 individuals, from which a sample size of 223 respondents was drawn.

1.8 Limitations of the Study

This study was conducted in MFIs, where employees were occupied and restricted from divulging confidential information about their institutions. To address this, the researcher made efforts to create sufficient and convenient time for the respondents. Additionally, the researcher dropped the instruments and retrieve them at a later date during the data-gathering process.

Furthermore, the information sought from the respondents in MFIs was inherently confidential, secretive, and not easily disclosed to the public. As a result, the study anticipates a limitation where respondents might be hesitant or refuse to provide certain information related to the microfinance's performance due to concerns about competitors, management, or shareholders. To alleviate this restriction, assurances was given to the management and all respondents that the information being sought was solely for academic purposes and was kept confidential.

Moreover, the study was likely to face challenges related to respondents' attitudes, as different individuals had varying inclinations toward the study subject, influencing their perceptions. To overcome this challenge, the researcher appealed to the respondents about the importance of objectivity when completing the questionnaires for the study's success. Additionally, the researcher mobilized the necessary resources and motivation to ensure the study's success.

1.9 Assumptions

This study was based on the basic assumptions that;

i. MFIs within the region actively participate in strategic alignment as a standard business practice.

ii. The implementation of strategic alignment practices was positively correlated with the overall performance of the selected MFIs in Meru County.

iii. The MFIs possessed the necessary financial, human, and technological resources to effectively participate in strategic alignment.

iv. The regulatory framework in Meru County was conducive to the formation and operation of strategic alignment in the microfinance sector.

1.10 Operational Definition of Key Terms

Cultural Alignment: The accepted values, norms, perspectives, and conduct within the MFIs working environment, reflecting the organization's adjustment to navigate the evolving business landscape.

Microfinance Institutions: are financial establishments that offer small loans to individuals who might not otherwise have access to credit.

Performance: The actual outcomes achieved by a bank, evaluated against predefined targets or objectives.

Resources Alignment: The efficient allocation and management of resources within MFI to realize the envisioned strategy.

Strategic Alignment: Involves establishing a connection or congruence between strategy and various institutional factors, including corporate culture, processes, systems, structure, and resources.

Structural Alignment: The arrangement of a MFI concerning stakeholders, management, internal operations, coordination methods, reporting mechanisms, authority distribution, and staff career paths.

Technology Alignment: Encompasses the complete set of techniques, skills, methods, and processes employed in service production or goal accomplishment, such as scientific investigation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provided a comprehensive review of theoretical and empirical studies related to the effect of strategic alignment on firm performance. The chapter was organized into three main parts: empirical studies, theoretical framework, and a summary of research gaps, culminating in the presentation of the conceptual framework. Each part consisted of subheadings that aided in the analysis of the literature's relevance, followed by a concluding recap of literature review.

2.2 Theoretical Literature Review

The study was anchored on Resource-Based View (RBV), the agency theory, dynamic capabilities theory and balanced scorecard model.

2.2.1 The Resource-Based View

Edith Penrose was credited with laying the groundwork for the Resource-Based View (RBV) of the company, which was developed with the intention of providing a viewpoint that was focused on the organization in relation to the idea of strategy (Penrose, 1959). The purpose of this model was to act as a management framework, identifying the strategic resources of a business that may was used to establish a sustained competitive advantage. Providing insights into, describing, and forecasting numerous interactions inside organizations, the RBV model had progressed from an emerging approach to being one of the most important and prominent theories, according to Barney (2011), a significant promoter of the model. Barney (2011)

indicated that the RBV model had evolved from an initially emerging approach. According to the concept, the resources of a company were a significant factor in determining both its performance and its advantage over other businesses in the comparable market. The RBV model was based on the idea that companies operating within a certain industry had different characteristics owing to the existence of a wide variety of resources that they had control over. The model was predicated on a number of assumptions, one of which was that resource heterogeneity was likely to persist for a considerable amount of time. This was due to the fact that the resources that were used in the operations of the organization were not completely convertible between alternative organizations.

RBV was centered on the maximization of returns via the best usage of the resources that were available. These resources comprised both physical assets, such as fixed or existing organizational assets, and intangible assets, such as intellectual property rights. Intangible assets represented the majority of these resources. Furthermore, capabilities were the talents and experiences that were innate to the personnel of the business referred to as capabilities. In order for enterprises to achieve competitiveness, it was imperative that they properly harness these resources, as Dibrell, Craig, and Neubaum (2014) had noted. The proponents of the concept asserted that the competitive advantage of a company was not obtained from the external environment but rather from the resources that the company has. In light of this, the model emphasized the significance of information and communication technology in the process of strengthening the competitiveness of a business (Meng & Berger, 2019).

Jurevicius (2018), on the other hand, was critical of the RBV model, arguing that alternative configurations might provide the same amount of value for the company. It was his contention that the product markets were not yet fully established, and that it

was necessary to take into account the surrounding environment and the elements that influence these resources, rather than assuming that they were already there due to their intrinsic nature. These insights on resource alignment and its link to organizational performance were provided by the RBV model, which serves as the framework for the research. A significant factor that affected the alignment of resources was the direction and guidance that was provided by leadership within the organization. In addition to this, the model demonstrates and provided justification for the proper allocation of resources within an organization in order to reach the ultimate goal of wealth maximization, which ultimately led to an improvement in overall performance.

2.2.2 Agency Theory

Eisenhardt (1985) introduced a theoretical framework that explores the dynamics between two key entities, the principal and the agent, aiming to enhance organizational efficiency through mutual information exchange and the distribution of risks. This framework suggested a contractual basis for the relationship, where the principal assigned responsibilities, powers, and decision-making tasks to the agent. The agent, representing the principal, was expected to perform these duties with due diligence to maximize the principal's returns.

Nonetheless, Alfred (2016) presented critiques of this framework, noting the inherent conflicts of interest and agency costs that emerged from the dichotomy of control and ownership. These challenges were further compounded by differing risk appetites and the asymmetry of information between the parties. The framework acknowledged the potential for misrepresentation by the agent and suggested that agents operate under less-than-ideal conditions to ensure the principal's interests were met (Bathala & Rao, 2015).

In the context of this research, the agency theory was applied to investigate the goal of aligning resources effectively and to illuminate the strategic management of organizational resources to enhance returns. This theoretical application underscores the concept of resource alignment as a critical study variable, offering a roadmap for management to judiciously manage and allocate resources to optimize organizational performance. In particular, it provided a lens through which the management strategies of Microfinance Institutions (MFIs) could be examined, emphasizing the importance of actions taken in the interest of shareholders. Through this lens, the theory illuminated the strategic imperatives for MFI management, advocating for a careful stewardship of resources to achieve optimal outcomes for all stakeholders involved.

2.2.3 The Dynamic Capabilities Theory

The research paper titled "Dynamic Capabilities and Strategic Management" in 1997, authored by Reece, Pisano, and Shuen, served as the source of the following insights. Teece (2014) emphasized that effective utilization of resources led to valuable capabilities for an organization, and modifying these capabilities enhances organizational effectiveness. The foundation of this concept lied in firms adapting their assets in various ways to align with the environment for their advantage. Organizational capabilities, as per Hiebl (2018), depended on the utilization of internal and external competencies, adapting these competences to suit the environment, and gaining increased returns to maintain competitiveness.

These capabilities were distinctive, challenging to articulate or share, and ingrained in the organizational structure. They were shaped by the managerial and leadership qualities of the top leadership, who guide and direct the organization's routines and structure. Utilizing rare, valuable, and non-substitutable resources, leaders helped the firm attain a competitive advantage (Venkatraman & Ramanujam, 2016). In order to

enhance production, organizational leaders and management structured the firm, its resources, and processes. This theory highlighted the objective of structural alignment, as aligning and exploiting resources can contribute to high production and provide a competitive edge for the firm.

2.2.4 Balanced Scorecard Model (BSC)

The Balanced Scorecard (BSC) was not only a performance measurement tool but also a strategic management system that helped organizations bridge the gap between their long-term strategic objectives and the more immediate operational actions. By incorporating four distinct but interrelated perspectives customer, financial, internal business processes, and learning and growth it offered a comprehensive view of the organization's performance beyond traditional financial metrics. This holistic approach enabled companies to monitor and manage their operations with a balanced focus on both financial outcomes and the operational drivers of future success.

The customer perspective focused on customer satisfaction and retention, critical indicators of market competitiveness and long-term profitability. It encouraged organizations to identify key customer segments and tailor their strategies to meet these customers' needs and expectations, ultimately leading to enhanced customer loyalty and revenue growth.

The financial perspective, while traditional, remained vital. It measured the economic consequences of actions taken, ensuring that the organization's strategy contributes to bottom-line improvement. Financial metrics such as return on investment (ROI), earnings growth, and cash flow provide insights into the financial health and efficiency of the organization.

Internal business processes perspective shed light on the critical operations that need to be optimized to deliver on customer expectations and achieve financial goals. By

analyzing processes like cycle times, quality measures, and productivity, organizations can identify inefficiencies, eliminate waste, and focus on activities that add value to customers and stakeholders.

Lastly, the learning and growth perspective emphasized the importance of continuous improvement and innovation. It looked at the organization's capacity to grow and adapt through employee capabilities, information system effectiveness, and organizational culture. This dimension ensured that the workforce was motivated, skilled, and equipped with the right tools and information to drive the company's growth.

In the banking sector, the BSC facilitates a strategic alignment with the rapidly changing financial landscape, marked by increasing competition, regulatory changes, and evolving customer expectations. Banks leveraged the BSC to fine-tune their strategies, ensuring they were customer-centric, operationally efficient, financially robust, and poised for innovation and growth.

2.3 Empirical Literature Review

The empirical review provided an understanding of the study's key concepts. These concepts encompassed structural, cultural, technological and resource alignment strategies, all of which influence organizational performance of MFIs. The analysis of the related literature was guided by the specific objectives of the study.

2.3.1 Cultural Alignment and Organization Performance

In a study conducted by Owino and Kibera (2019) on cultural alignment and performance, secondary data from MFI records and primary data from MFI staff were utilized. Factor analysis was applied to the data, revealing that cultural aspects such as clan, hierarchies, and strong cultural topologies in the microfinance sector had a significant impact on performance. The influence of organizational culture extended to non-market performance, providing MFIs and the industry with a competitive

advantage. A knowledge gap was identified in terms of data analysis methodology, indicating potential differences in results compared to the proposed methodology for the current study.

Kamau and Wanyoike (2018) investigated cultural balance in organizations and its impact on performance, focusing on the Mayfair Casino in Nairobi. The study, employing descriptive and exploratory designs, gathered primary data from 108 sampled casino employees. Results indicated a strong correlation between corporate culture and organizational performance, as measured by indicators like satisfaction, productivity, effectiveness, and efficiency. However, a contextual gap existed as the study was centered around a casino, while the present study focuses on MFIs, implying a contextual difference between the two studies.

Taye, Sang, and Muthanna (2019) explored the influence of organizational culture on performance in higher education institutions, involving students and faculty as respondents. Analysis from interviews revealed that organizational culture, expressed through leadership, environment, mission, strategy, socialization, and information, significantly impacted performance in higher education institutions. Notably, the study focused on a single institution, potentially introducing bias due to the same environmental and workplace conditions. This differed from the current study, which concentrates on several firms, suggesting potential variations in findings.

2.3.2 Structural Alignment and Organization Performance

Ogaga and Awino (2019) delved into examining the correlation between corporate structural alignment and organizational performance. The primary data for this investigation was sourced from 46 listed firms in the NSE. The study discovered that organizational structure significantly impacted performance, particularly in terms of corporate strategy, internal business operations, environment, and customer aspects.

However, no significant influence on financial performance, learning and growth, and social performance was observed. Notably, the study incorporated intervening variables, which sets it apart from the current study that does not involve intervening variables.

Chibueze and Ogbo (2015) explored the impact of organizational structural composition on organizational performance, utilizing Innoson Nigeria Limited as the focal point. Both primary and secondary data sources indicated that power decentralization resulted in informed and involved decision-making, fostering improved staff production and efficiency in the firms. A gap in the study arose from the contextual differences between this study conducted in Nigeria and the current study, which was centered in Kenya. Given geographical distinctions, considerable differences in results emerged. In a study by Kihara, Karanja, and Kennedy (2016) on organizational structural alignment and performance in large Kenyan manufacturing firms, the findings aligned with those mentioned above, indicating that organizational structure influenced the performance of large manufacturing firms. Many of these manufacturing firms implemented specialized organizational structures advocating for stringent control measures. Notably, the independent variable in this study, which focused on strategic contingent organizational factors, differed from the current study, potentially resulting in divergent study outcomes.

Muriu (2019) conducted a study on the influence of organizational structure on Mobile-Commerce and its impact on the performance of commercial banks. The study involved 133 managers as respondents, and the analysis revealed a positive correlation between organizational structure and m-commerce performance. An open organizational structure was identified as facilitating effective coordination of work tasks across different functional and operational areas, leading to increased productivity and positive outcomes. The study diverged from the current one in terms of methodology, employing

a positivism research philosophy and stratified random sampling, which differed from the approach taken in the current study.

In a study by Chigozie and Chijioke (2015) on manufacturing firms in the South-East part of Nigeria, the influence of organizational structure on performance was explored. The researchers observed that the nature of organizational structure contributed to variations in performance. The manufacturing firms prioritized enhancing staff competencies through training, resulting in positive effects on productivity, quality, flexibility of staff to adapt to changes, and increased sales revenues. Notably, contextual differences arose due to geographical disparities, potentially leading to considerable variations in results.

Malik (2014) conducted a study on the alignment of organizational structure and the performance of employees in brewing firms in Nigeria. The focus was to identify any specific structure that positively influenced employee performance. Targeting five brewing firms listed in the Nigerian stock exchange market, the results indicated that hierarchical layers, technology use, set boundaries, and formalization of structure had a positive impact on employee performance. The contextual gap between this study conducted in Nigeria and the current study in Kenya suggested potential differences in results due to geographical distinctions. Additionally, the study employed correlation and t-statistics for analysis, a method not utilized in the current study.

2.3.3 Technology Alignment and Organization Performance

In 2019, Laban and Deya performed a research that focused on technical innovation and how it aligned with the success of information and communication technology (ICT) organizations. The inquiry focused on innovation in all elements of the market, including organizations, processes, products, and business operations. According to the findings of the research, which included 14 information and communications

technology (ICT) companies in Nairobi County and their workers as participants, market innovation had the most significant influence on organizational performance, followed by product innovation, process innovation, and organization innovation. In contrast to the present research, which only made use of regression analyses, the previous one used both multiple regression and variance in its data analysis.

The research conducted by Chege (2019) investigated the relationship between technology alignment and organizational performance. The findings revealed that technology had a significant effect on the performance of the 240 businesses that were sampled. According to the findings of the research, businesses should make investments in technological advancements and new tactics in order to improve their organizational performance. Using structural equation modeling as a data analysis technique, the approach that was used in this investigation had the potential to provide a variety of results. Within the context of Vietnamese manufacturing companies, Nguyen, Nguyen, and Phung (2019) conducted research to evaluate the influence that technological alignment had on organizational performance and corporate social strategy. According to the findings of the research, which covered the years 2011 to 2013, product innovation led to an improvement in the performance of firms in terms of market share. It was important to note that this research includes an external intervening variable, which was not included in the study that was currently being conducted.

The research conducted by Kariuki (2015) investigated the relationship between technological alignment and the performance of Kenyan mobile communications companies. Based on the findings, it was determined that strategic innovation had a favorable impact on the performance of the companies. Strategies that included product, process, and marketing planning, as well as planning for resources, particularly human resources, led to the enhanced performance. It was recommended by the research that

companies in the telecommunications industry make investments in technology in order to develop goods and processes and to increase productivity. The research, on the other hand, did not have a defined methodological approach addressing the study population and the sample design, both of which were factors that were appropriately handled in the present study. In a similar vein, Faruk and Lynn (2016) conducted research to determine the influence that innovation strategy had on the performance of organizations. The findings of their investigation revealed that innovation strategy was responsible for a considerable improvement in organizational performance.

2.3.4 Resources Alignment and Organization Performance

In their study, Ongeti and Machuki (2018) investigated whether or not there was a connection between the alignment of resources and the performance of Kenyan state businesses. The 63 state entities that were the source of the data were the primary focus of attention. According to the findings of the study, the performance of the organization was affected by a variety of resources, which included both physical and non-physical resources as well as human resources. Particularly noteworthy was the fact that the research focused on state corporations, highlighting the fact that the performance indicators of these organizations were conceptually distinct from those of conventional corporate businesses.

The influence of resource alignment on the organizational performance of firms in Kenya that were certified by the International Organization for Standardization (ISO) was investigated in a research that was conducted by Otulia, Mbeche, and Wainana (2017). The data was acquired from 282 companies that were certified as ISO, and a sample of 27 companies' financial records was taken for secondary data collected. An excessive amount of organizational resources was found to be the cause of a decline in the performance of the company, according to the results. The huge and

disproportionate target audience, on the other hand, presented challenges for the research project. These challenges made it difficult to make comparisons between the companies from whom main data was acquired and those from which secondary data was sourced.

An investigation of the relationship between resource alignment and the performance of small and medium manufacturing firms (SMEs) was carried out by Murimi, Ombaka, and Muchiri (2019). 353 small and medium-sized enterprises (SMEs) that were registered with the Association of Manufacturers (KAM) were the subject of the research, and 183 respondents were selected for inclusion in the study. Physical resources were shown to have had a significant influence in improving the performance of small and medium-sized enterprises (SMEs) in Kenya within the manufacturing sector, according to the analysis of the data that was gathered. In spite of this, the research noted that there were certain limitations that resulted from the overly wide target group, which had the potential to inject bias into the selection of respondents for the study.

2.4 Conceptual Framework

In the current study, a conceptual framework was utilized, encompassing both

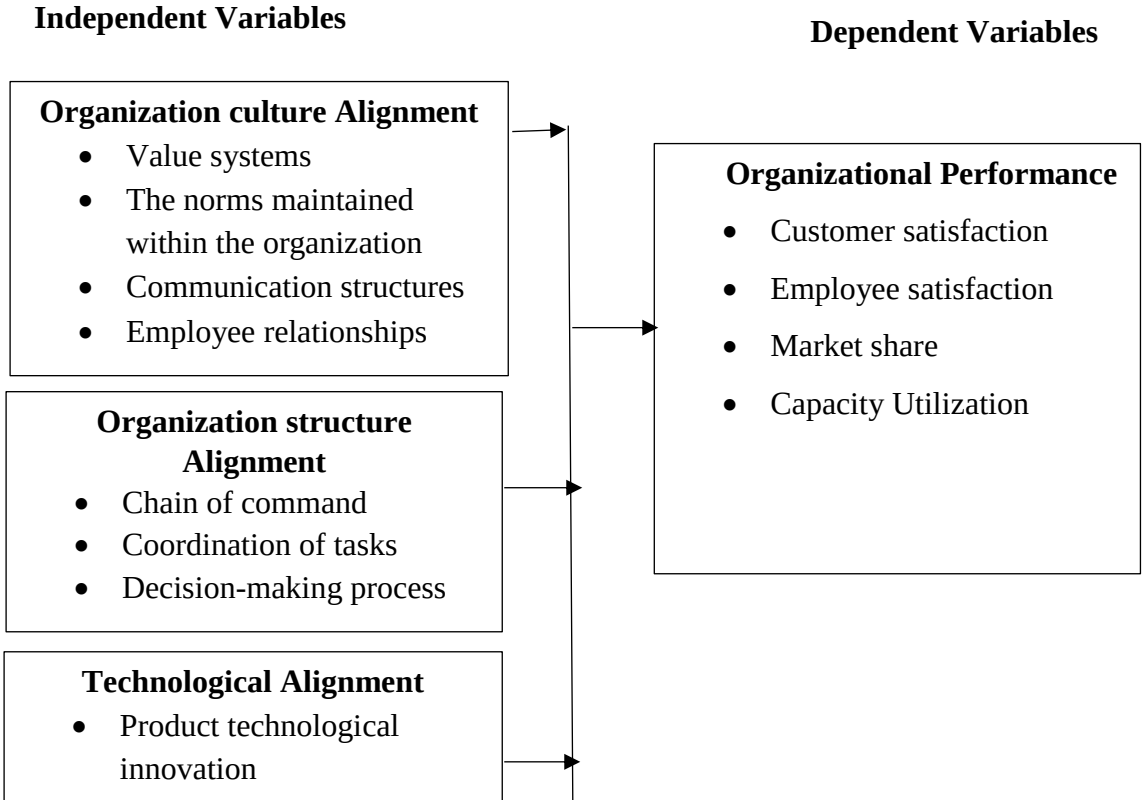

Figure 1: Conceptual Framework

Source: Researcher (2024)

2.4 Summary of Literature Review and Research Gaps

Table 1: Summaries and Knowledge Gaps

Author & Year	Key Focus	Research Findings	Knowledge Gap	Focus of the Current study
Owino and Kibera (2019)	Business cultural alignment and the performance of Kenyan MFIs.	The results obtained demonstrate that organizational culture led to non-market performance leading to sustained competitiveness.	The gap in the study was hinged on data analysis methodology which differs from the one proposed to be used in the study; thus, implying mixed results.	The current study will analyze data using inferential and descriptive statistics and rely on proper methodology.
Kamau and Wanyoike (2018)	The effect of organizational cultural balance and performance of Mayfair Casino	Findings show positive correlation of corporate culture and performance seen through customer satisfaction and productivity	The study adopted a combination of various sub-related variables to organizational culture, while the present study studies cultural alignment as a stand-alone variable.	The study will narrow down into focusing on cultural alignment in relation to performance.

Taye, Sang and Muthanna (2019)	The culture and influence on performance of the organization	All culture elements led to individual and overall university performance	The study focused on only one institution to gather data; the responses could be biased due	The study proposes to research on a list of various firms (cross-sectional study); therefore, the
			to same environmental and workplace conditions, unlike the current study which studies various firms (case study type).	responses would not suffer from effects of biasness.
Ogaga and Awino (2019)	The influence of corporate structural alignment corporate strategy and firm performance.	The study revealed that the intervening significant influence of organizational structure on the link connecting corporate strategy and performance, but no significant power on financial performance, learning and growth performance; and social performance.	The study employed intervening variables, while the current study does not employ intervening variables.	The study will directly adopt organizational structural alignment as one of the key independent variables affecting performance.

Chibueze and Ogbo (2015)	The impact organizational structural composition on organizational performance.	Findings show decentralization positively influenced organizational efficiency.	There exist contextual differences between the study which was undertaken in Nigeria and the current study whose scope was in Kenya. Due to geographical differences, the results can differ considerably.	The current study will focus on the Kenyan firms only.
Kihara, Karanja and Kennedy (2016)	On organizational structural alignment and performance	The results show structure of organizations affect performance of large manufacturing firms in Kenya.	The independent variable of the study (which was strategic contingent organizational factors) differ from the current study; thus, likely to elicit different study outcomes.	The study will focus on organizational structural alignment as one of the key. independent variables.
Muriu (2019)	The organizational structure on performance in Kenya's commercial banks.	The study findings indicated a significant correlation of organizational structure to m-commerce performance	This study differs with the current study in terms of methodological approach since it uses a positivism research philosophy and stratified random sampling which were	The study will adopt census approach since the targeted respondents were less than 200.

		different from the current study.	
Shabbir (2014)	Organizational structure alignment and Employee's Performance: A Study of Brewing Firms in Nigeria.	There exist contextual differences between the study which was undertaken in Nigeria and the current study whose scope was in Kenya. Due to geographical differences, the results can differ considerably. Further, the study	The current study focuses on the Kenyan firms only. Secondly, the current study will adopts descriptive statistics and regression for studying quantitative data and relationship between variables respectively.

			employs the use of correlation and t-statistics for analysis while the current study does not.	
Laban and Deya (2019)	The effect technological innovation alignment and performance communication technology sector in Nairobi County.	Results show market innovation led to organization performance with the highest predictor, then product and process innovation.	The study combines both multiple regression and variance in data analysis while the current study only uses regression.	Due to the simplicity nature of the variables, the study will rely only on regression for analysis the relationship and strength between them.
Chege (2019)	The association between technology alignment on Organizational performance in Kenya.	The findings indicated that technology innovation influences organizational performance positively. The study recommended that entrepreneurs should develop innovative strategies to actualize organizational performance.	The study uses structural equation modeling in analysis of data, which can generate very different outcomes if used in the current study.	The study will rely only on descriptive statistics and inferential statistics (regression model analysis) for analysis of data.
Nguyen, Nguyen and Phung (2019)	On individual product and process innovations and organizational performance.	The product and process innovations led to increased market share but not total asset returns	The study employs an external intervening variable while the current study does not.	The study does not need to and neither adopt an intervening variable to moderate the results of the independent variables on the dependent variables, The variables to be involved was stand-alone.

Kariuki (2015)	On strategic innovation and performance of Mobile telecommunication firms in Kenya.	It was found that strategic innovation had a positive effect on organizational performance.	The study does not provide a clear methodological approach in terms of study population and sampling design; which were well addressed in the current study.	The current study endeavors to provide a clear methodological approach to showcase the process of research involved from the initial point to the final study outcomes obtained.
Murimi, Ombaka and Muchiri (2019)	On strategic physical resources and performance of SMEs in manufacturing in Kenya.	Findings show the variables were significantly correlated and led to SMEs high performance	The target population of the study was too large, as compared to the size of the current study's target population. When the target population was too large, it can lead to biasness in sampling the final respondents who should partake in the study.	The current study aimed to draw data from a sizable population which was neither too large not too small; this ensured that the responses were neither biased nor too variant.

Source: Researcher (2024)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This segment outlined the methodology employed to achieve the objectives of this research. It encompassed the conceptual framework, scrutiny of the research design, identification of the study and target populations, context of the sample, determination of sample size, execution of a pilot study, description of the research tools, assessment of tool validity and reliability, methodologies for collecting data, data processing and analysis methods, verification of hypotheses, and the explicit definitions of variables used in the investigation.

3.2 Research Methodology

Research methodology refered to the systematic, theoretical analysis of the methods applied to a field of study. It involved the philosophical assumptions underlying the research process, as well as the practical steps taken to collect, analyze, and interpret data (Snyder, 2019). A well-constructed research methodology enhanced the credibility and validity of the study's findings, providing a solid foundation for other researchers to understand, replicate, or build upon the work.

This study adopted a mixed methods research strategy, incorporating both qualitative and quantitative methodologies within one research endeavor. This dual approach enabled the leveraging of the strengths inherent in both qualitative and quantitative techniques, offering a richer and more intricate insight into the research topic. Mixed methods research generally entailed the simultaneous collection, analysis, and interpretation of quantitative and qualitative data, facilitating a holistic view of the research question.

3.3 Research Design

Ghauri, Grønhaug, and Strange (2020) presented a research design as a structured blueprint that enables researchers to organize standard study tasks systematically, aiming for the production of reliable evidence with minimal bias and a clear intent. Roller and Lavrakas (2018) conceptualized a research design as a strategic framework that steers the research journey, from in-depth testing, probing, and hypothesizing to the eventual documentation of findings. Kothari (2014) outlined a research design as a comprehensive plan for gathering and analyzing data in a manner that strives to add meaningful insights to the research endeavor, optimizing both the impact and cost-efficiency of the study.

The chosen methodology for this investigation was a descriptive research design. As articulated by Ghauri, Grønhaug, and Strange (2020), descriptive research scrutinized the present scenario to elucidate prevailing beliefs and ongoing activities within a community directed towards a particular objective. Lavrakas (2018) highlighted that descriptive research hinges on formulating research questions, conducting surveys, and making observations to portray the existing conditions. This approach was enhanced through the examination of how collected data interconnects, leading to the execution of a correlational survey. Schober, Boer, and Schwarte (2018) explained that such surveys assess the relationship between variables through the correlation coefficient, indicating the level of association.

Furthermore, this study integrated a descriptive correlational design, facilitating the amalgamation of qualitative and quantitative approaches to produce data that fulfilled the research objectives and elucidates the dynamics between studied variables (Creswell, 2011). The research utilized both regression and correlation methodologies

to examine how independent variables relate to the dependent variable, adjusting for various factors with predictor variables to understand their interrelations better.

3.3 Target Population

The investigation concentrated on ten officially recognized Microfinance Institutions (MFIs), specifically Faulu Kenya, Bimas, Eclof, Jamii Bora, Kenya Women Finance Trust (KWFT), SMEP, Social Investment Support for Development Organization (SISDO), Unitas, Century Microfinance Bank Limited, and Meru County Microfinance Corporation. The participants of this study included a diverse group of individuals, comprising Senior Managers, Tellers/Field Officers, and Customers, amounting to a total of 530 participants, as detailed in Table 2.

Table 2: Target Population

Target group	Target population	Percent
Senior Managers	80	15.1
Tellers/Field Officers	150	28.3
Customers	300	56.6
Total	**530**	**100**

Source: Meru County Business Registry (2023)

3.4 Sampling Techniques and Sample Size

The target population of this study was 530 individuals from selected MFIs from Meru County. First, purposive sampling was used to select the ten leading MFIs, using secondary data from Meru County Business Registry (2023). The study adopted Senior Managers, Tellers/Field Officers and Customers formed the stratum which was used to further identify the respondents to the study. Simple random sampling was used to identify the respondents from the chosen MFIs and population.

Cochran (1977) formula adopted by Chaokromthong and Sintao (2021) was used to arrive at the sample size;

$$n = \frac{Z^2 pq}{e^2}$$

Where: -

n = The Required Sample Size

z = Confidence level at 95% Standard Value of Deviation (1.96)

p = Estimated Target Group in The MFIs (0.5)

q = (1-p)

e = margin of the error the study was ready to accept -5%

$$n = \frac{1.96^2 0.5x0.5}{0.5^2}$$

$$= 384$$

n < 10,000

$$nf = \frac{n}{1 + \frac{n-1}{N}}$$

$$nf = \frac{384}{1 + \frac{384-1}{530}}$$

$$= \frac{384}{1 + 0.722}$$

$$= 223$$

Therefore, the sample size was 223 respondents.

Table 3: Sample Size

Target group	Target population	Percent	Sample size
Senior Managers	80	15.1	80/530 x 223 = 34
Tellers/Field Officers	150	28.3	150/530 x 223= 63
Customers	300	56.6	300/530x 223 = 126
Total	**530**	**100**	**223**

Source: Researcher (2023)

3.5 Construction of Research Instruments

The research utilized a questionnaire and interview guide as its primary data collection instruments. To gather information from senior managers and Tellers/field officers, a structured questionnaire was employed, comprising four parts. Part A predominantly

consisted of closed-ended questions focusing on factual details such as gender, tenure in the firm, and educational background to enhance the credibility of the responses. Sections B, C, D and E addressed cultural, structural, technological and resource alignment while F addressed statements on organizational performance. Respondents provided information using a 5-level Likert scale.

3.6 Pilot Study

Before initiating the main research, a questionnaire was developed for an initial pilot study. Saunders et al. (2019) defined piloting as the process of testing research instruments on a group of respondents who would not participate in the main study. This approach verified the clarity and consistency of the research tool, ensuring that it was understood and interpreted in the same way by a variety of respondents. For this study, Key Microfinance had been selected as the suitable entity for the pilot study. This MFI, with its workforce exceeding 20 employees, operation across 5 branches, and a clientele of over 1000 customers, mirrors the profile of the MFIs targeted in the broader study, making it an ideal choice for the preliminary investigation. The pilot study, beyond affirming the precision of the administered questions, focused on ensuring clarity, appropriate language use, and the development of content that can be measured, verified, and consistent. This iterative process necessitated adjustments to ensure the effective solicitation of the required information.

3.7 Validity of Research Instruments

Rubin and Babbie (2018) described validity as the degree to which inferences made from research findings were accurate and meaningful. Conversely, Saunders et al. (2019) contended that variations in assessment outcomes among individuals were attributable to differences in how test measures were perceived. In this research,

questionnaires and interview guided underwent pre-testing to ensure their integrity and to verify that participants clearly understand the questions posed.

3.8 Reliability of the Research Instruments

Reliability pertained to the consistency and repeatability of a device's measurements when used under consistent conditions, yielding comparable results each time. It signified the extent to which a measurement tool provides reliable and repeatable outcomes. A gauge was deemed reliable if it consistently produced similar results upon repeated testing. However, it's crucial to note that even though a gauge may exhibit reliability in its measurements, it did not always accurately represent what it was intended to measure (Best & Kahn, 2018).

The pilot test respondents filled out the instrument, and the data was collected and analyzed. Subsequently, the same group was given the same instrument. The findings of the two was compared using Pearson's coefficient, and the results should demonstrate similar responses, indicating the reliability of the instrument. The internal consistency of the instrument was assessed using the Cronbach's Alpha index to measure the similarity of the research instrument. An Alpha index of 0.7 and above served as the threshold to indicate the reliability of the instrument (Kiprotich, Kahuthia & Kinyua, 2019; Ontita & Kinyua, 2020).

3.9 Data collection procedures

Data collection, as outlined by Gravemeijer et al. (2019), involved the systematic acquisition of information pertinent to the research question through various methods such as interviews, observations, focus groups, narratives, and case studies. In this research, data was gathered using both primary and secondary sources. Initial approval for the study was obtained from the university, followed by authorization from the

National Commission for Science, Technology, and Innovation (NACOSTI), which oversaw research and innovation regulation in Kenya. It was also crucial to secure consent from relevant governmental authorities, including the local county commissioner, as necessary. Furthermore, permission was sought from the microfinance institutions participating in the study, ensuring their interests and those of their clientele were represented. Subsequently, respondents was approached and invited to contribute by filling out the questionnaires.

3.10 Data Analysis and Presentation

The collected data underwent a series of processes, including sorting, checking for completeness and accuracy, editing, and coding into groups. Subsequently, the data was entered into SPSS for further analysis. Since the data was quantitative, quantitative analysis techniques was employed. Descriptive statistics was applied to summarize the data, presenting patterns and obtaining mean values, frequencies, percentages, and standard deviation. Inferential statistics was utilized to explore the relationships between variables, employing multiple regression analysis to demonstrate the connection between independent variables (cultural alignment, structural alignment, technology alignment, and resources alignment) and the dependent variable (organizational performance).

To assess the level of differences between the variables, Analysis of Variance (ANOVA) was conducted. Regression analysis, on the other hand, predicted the correlation of variables by regressing the performance of the MFI against measures of strategic alignment at the organizational level. The analysis adopted the following equation:

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

Where;

Y was the organizational performance

$\beta_0 to\ \beta_4$ were the regression coefficient

X_1 was the organizational culture alignment

X_2 was the organizational structure alignment

$X_{3\ was}$ the technological alignment

$X_{4\ was}$ the resource alignment

ϵ was the error term

3.11 Ethical Considerations

From the outset, before embarking on the fieldwork, the researcher initiated the process by obtaining a research permit from NACOSTI to conduct the research. The necessary consents and appointments required before the research commences was sought through the human resource personnel of the selected banks involved in the study. The researcher reassured all participants that the data collected was exclusively for academic purposes and will not be accessed by any unauthorized third parties.

During the administration of data collection instruments, the researcher exercised extreme caution to protect the participants' privacy and uphold their rights. To ensure confidentiality, the questionnaire did not include the names of the respondents. Additionally, throughout the data collection process, the researcher refrained from posing private or irrelevant questions that could be considered embarrassing in the context of the study.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presented results from data analysis and its interpretation. The results are based on the research topic of strategic alignment and performance in Selected Micro Finance Institutions in Meru County, Kenya. The analysis was done through the use of SPSS for descriptive and inferential statistics and the findings are presented in tables, figures and discussions.

4.2 Response Rate

The researcher administered 223 questionnaires to the staff working in the 10 selected Micro Finance Institutions in Meru County and 178 were returned. This shows a response rate of 79.8% and the figure 2 shows these results.

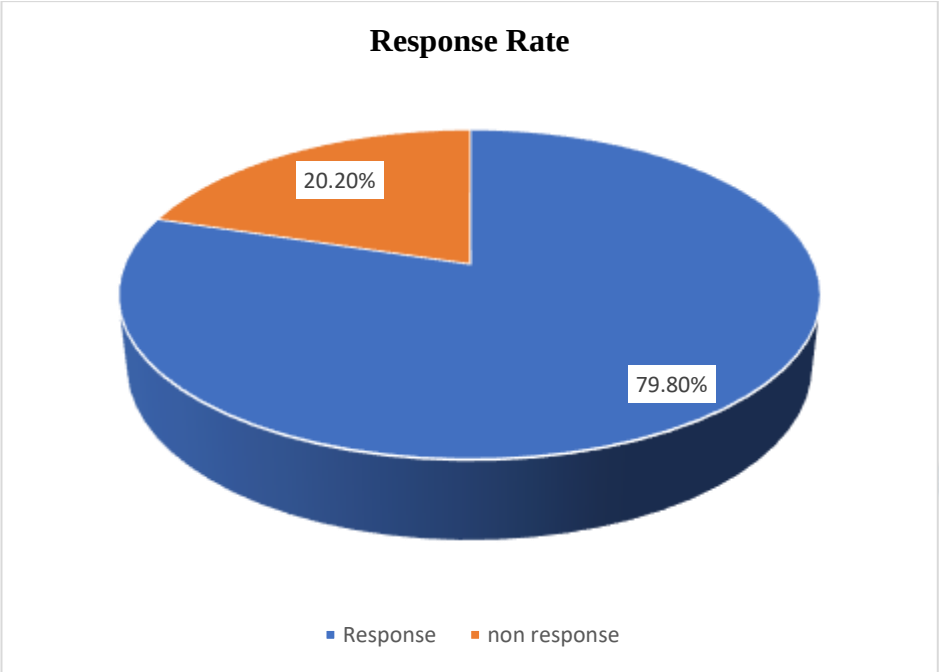

Figure 2: Response Rate

Source: Researcher (2024).

Mugenda and Mugenda (2003) noted that any response rates that are above 70% are adequate for usage in research and drawing conclusions and recommendations as a representation of the entire population. As such, the response rate of 79.8% is sufficient enough for use in this study and for generalization of the findings.

4.3 General Information

The researcher sought information on the demographics of the respondents including aspects like their gender, age, the highest academic qualifications they hold, the length working in the bank and their position in the organization. The results are presented in the upcoming sections.

4.3.1 Gender of Respondents

The respondents were asked to indicate their gender and Figure 3 shows their results.

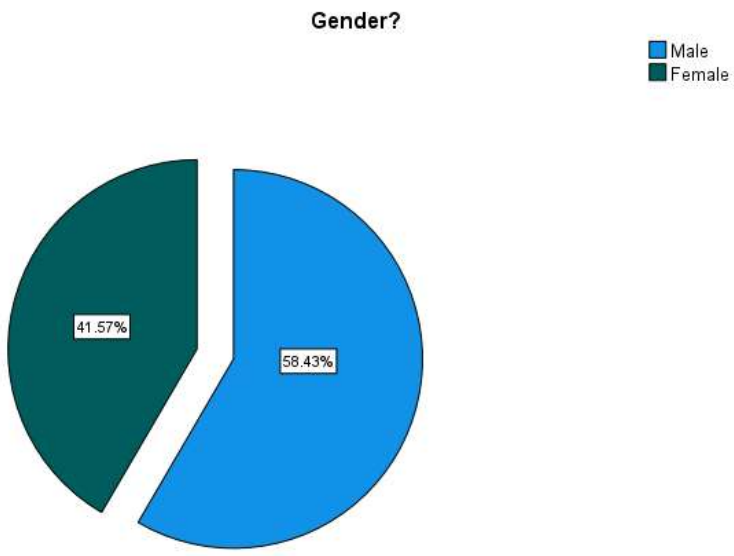

Figure 3: Gender

Figure 3 indicates that 58.43% of the respondents who took part in this study were male while 41.43% were females participated in the study. The results point out that there was no gender bias in the study.

4.3.2 Age of Respondents

The respondents were requested to tick against the group indicating the ages. The findings are shared in Figure 4.

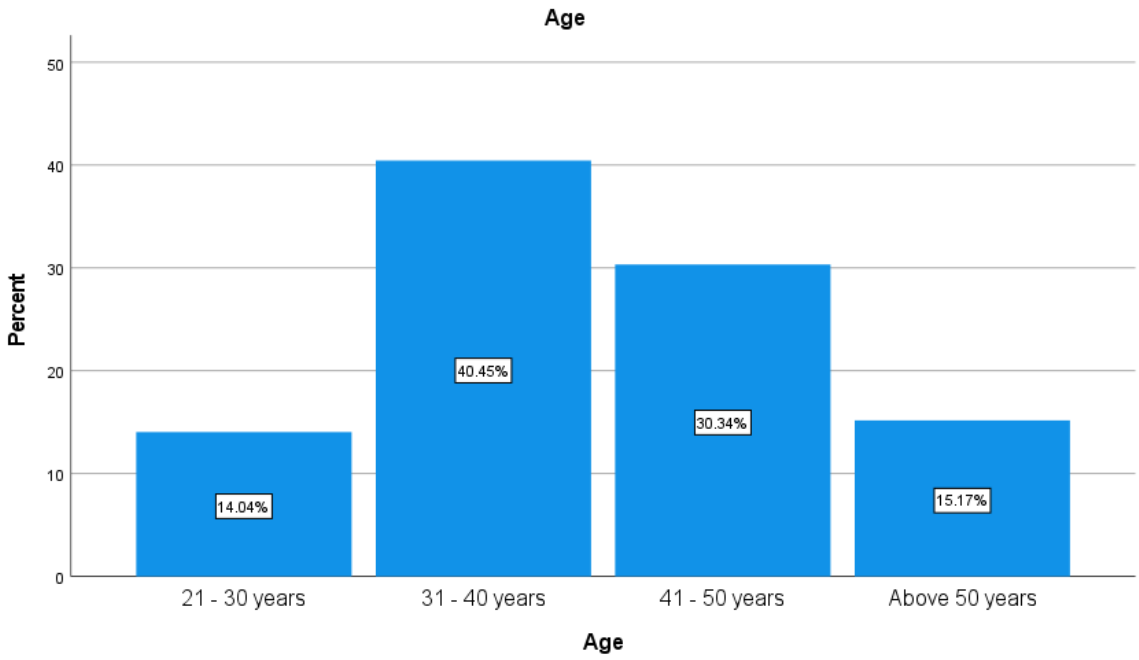

Figure 4: Age of Respondents

Figure 4 indicate that the age ranges such that the majority 40.45 of respondents are ranging between the age of 31-40 years; the next largest group of respondents is those within 41 -50 years represented by 3.34% of the respondents; the study further revealed that 15.17% of the respondents were above 50 years of age while 14.04% were between 21- 30 years. These findings are an indication that all age groups were considered and included in the study in a manner to allow varieties in viewpoints and opinion on the study topic.

4.3.3 Highest Academic Qualifications of the Respondent

The researcher asked the respondents to state the highest academic qualifications that they held. Figure 5 shows the results

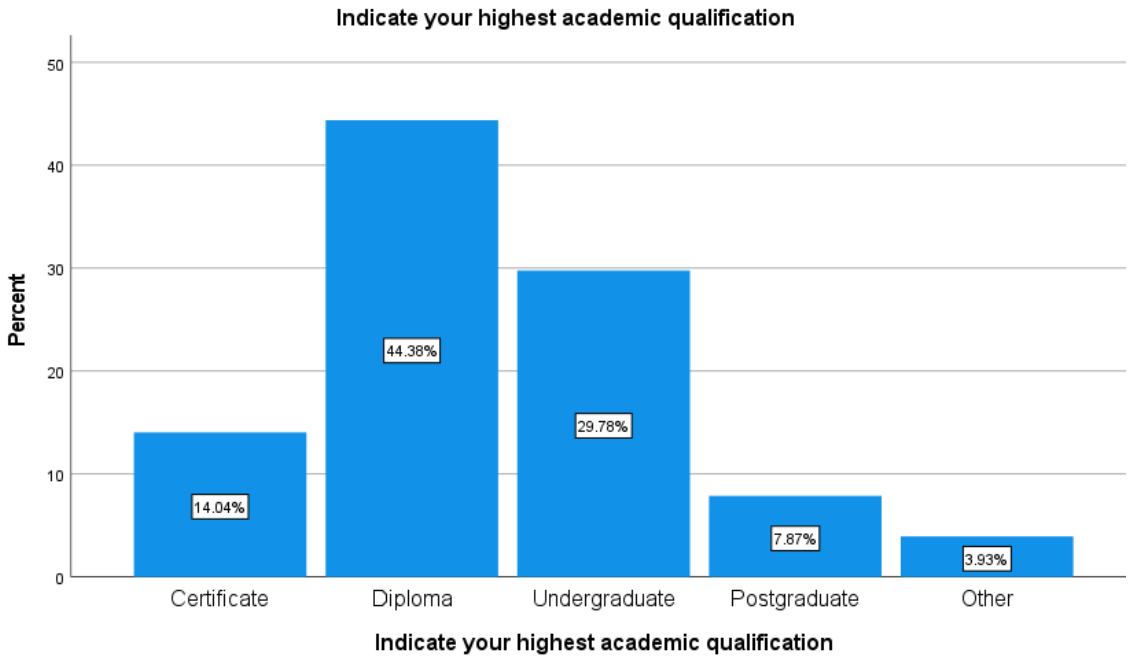

Figure 5: Highest Academic Qualifications

Figure 5 reveal that 44.38% of the respondents had diploma in various fields as their highest academic qualification, while 29.78% of the respondents had university undergraduate degree as their highest academic level. The result also shows that 14.04% of the respondents had certificate education as their highest academic level, 7.87% of the respondents had postgraduate qualification in their respective field of study while 3.93% had other forms of qualification such as CPA and CPS. These results reveal that all participants had tertiary –level of education and as such they are able to understand and interpretation the research questions and give accurate responses.

4.3.4 Length Working in the Micro Finance Institutions

The study participants were to share information on the length of time they had been working at the micro finance institution. Table 4 shows the results that the respondents gave.

Table 4: Length of working in the Microfinance institutions

		Frequency	Percent
Valid	0 - 3 years	45	25.3
	3 - 6 years	74	41.6
	6 - 9 years	36	20.2
	Over 9 years	23	12.9
	Total	**178**	**100.0**

Findings in Table 4 show that most of the respondents held their position within the institution for 3-6 years at 41.6%. Another 25.3% of the respondents had worked in the micro finance institutions for a period of 0-3 years and 20.2% had worked for 6 - 9 years while 12.9% of the respondents had worked in the institutions for over 9 years. These results mean that these respondents had spent sufficient time working in the institutions to understand the workings of the sector and hence will be able to give valuable information on strategic alignment and performance.

4.3.5 Professional Orientation in the Bank

The study sought to understand the professional orientation of the employees working in the microfinance institutions. The findings are as shown in Figure 6.

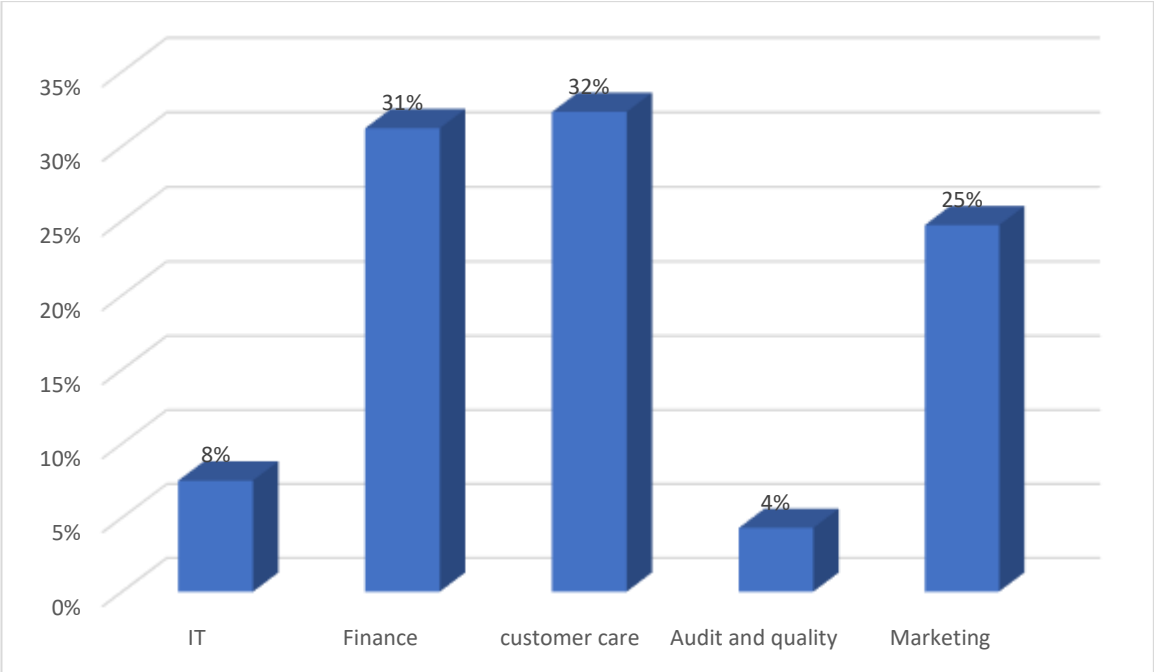

Figure 6: Professional Orientation

The findings depicted in the figure 6 indicate that the largest proportion of respondents, comprising 32%, work in customer care, closely followed by finance professionals at 31%. Marketing professionals make up 25% of the respondents, while those in Information Technology (IT) represent 8%. Audit and quality professionals constitute only 4% of the total respondents surveyed. The inclusion of diverse professions ensures a comprehensive range of perspectives in the study's responses, contributing to more thorough and representative conclusions.

4.3.6 Position Held at The Institution

The respondents were asked to state the positions that they held within their microfinance, and the results are displayed in Figure 7.

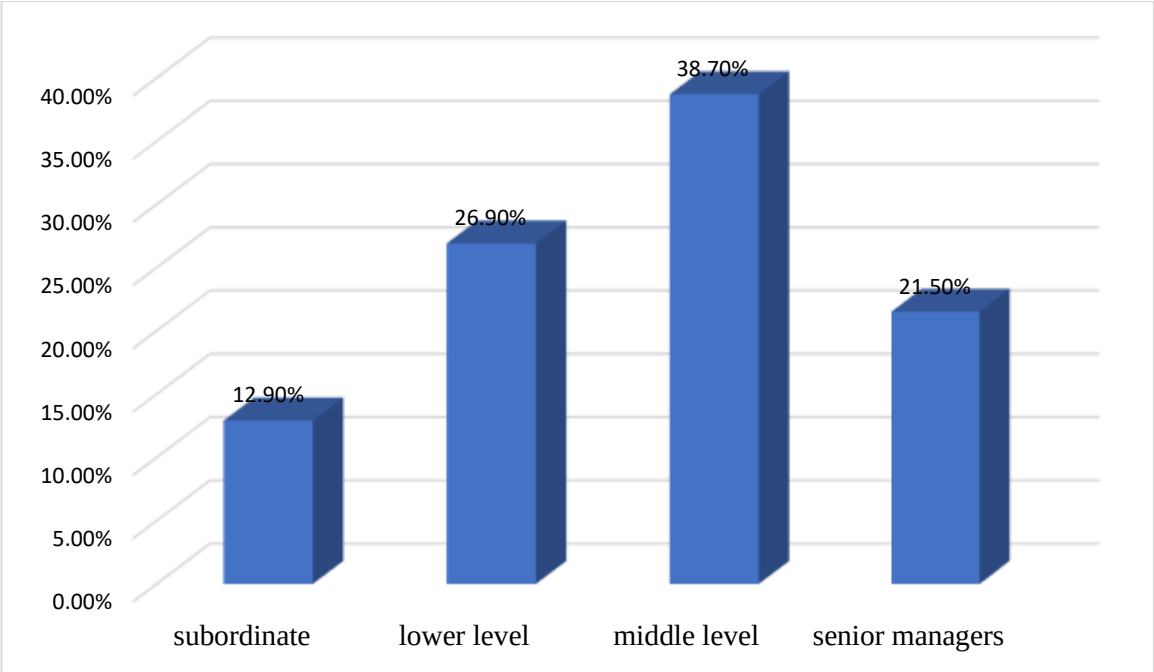

Figure 7: Position held at the Microfinance institution

The data from the Figure 7 showed that a significant portion of respondents occupied middle and lower-level roles within the banks. Specifically, 38.7% held middle-level positions, while 26.9% occupied lower-level positions. Senior management staff made up 21.5% of the respondents, and subordinate staff represented 12.9%. These results suggest that the respondents encompass various positions within the microfinance institution, providing a representative sample across the organizational hierarchy.

4.4 Descriptive Analysis

This study conducted descriptive analysis for each of the study variables and this section presents the findings in means and standard deviation for all the study variables.

4.4.1 Organizational culture Alignment and Performance

The result of the first variable on organizational culture alignment is as shown in Table 5.

Table 5: Organizational Culture Alignment and Performance

	N	Min	Max	Mean	Std. Deviation
Our MFI fosters a business culture that promotes seamless collaboration among employees to achieve peak performance	178	1	5	3.87	0.990
The top management's passion for their work creates a sense of inclusivity, making employees feel integral to the decision-making process	178	1	5	3.91	0.850
We prioritize transparent communication by sharing information about new strategies before they are implemented	178	1	5	3.61	0.954
The MFI has established a robust governance system encompassing rules, regulations, policies and procedures.	178	1	5	3.79	0.879
These governing principles set by the management, serve as a foundation to uphold ethical standards among employees	178	1	5	3.86	0.803
Our well-structured reporting procedure is universally adhered to ensuring consistency and accountability	178	1	5	3.97	0.995
The overall culture is geared towards supporting the attainment of strategic goals outlined by senior managers. This holistic approach contributes to a positive and effective working environment	178	1	6	3.68	0.957
Valid N (listwise)	178				
Overall Score				3.81	0.918

Source: Researcher (2024)

Table 5 shows that respondents agreed with the aspects of organizational culture alignment on performance of microfinance institutions in Meru cunty, Kenya with an overall mean of 3.81 and a low standard deviation of 0.918 showing minimal variation in the responses. The findings are similar to Owino and Kibera (2019) who stated that organizational culture influences the performance of firms and also leads to attaining sustainable competitive advantage. Respondents agreed that MFI fosters a business culture that promotes seamless collaboration among employees to achieve peak performance (Mean=3.87, Std Dev=0.990); that top management's passion for their work creates a sense of inclusivity, making employees feel integral to the decision-making process (Mean=3.91, Std Dev=0.850). respondents also agreed with the statement that MFI has established a robust governance system encompassing rules, regulations, policies and procedures (Mean=3.79, Std Dev=0.879) and that there is a well-structured reporting procedure which is universally adhered to ensuring consistency and accountability (Mean=3.97, Std Dev=0.995).

The findings further indicated that respondents agreed that the organizational overall culture is geared towards supporting the attainment of strategic goals outlined by senior managers. This holistic approach contributes to a positive and effective working environment (Mean=3.68, std Dev=0.957); that governing principles set by the management, serve as a foundation to uphold ethical standards among employees in the organization (Mean=3.86, Std Dev=0.803)

These results echo those discovered by Kamau and Wanyoike (2018), who investigated the impact of organizational culture equilibrium on organizational effectiveness. They found that a corporate culture rooted in clear guidelines and procedures fosters a conducive environment for employees, facilitating their understanding of boundaries. This, in turn, enhances organizational performance through various indicators such as

heightened customer satisfaction, increased efficiency, effectiveness, and productivity, particularly crucial in service-oriented sectors. Additionally, Taye et al. (2019) argued that organizational culture, shaped by factors like socialization practices, information dissemination, and the workplace atmosphere, plays a significant role in determining organizational performance.

4.4.2 Organizational Structure Alignment and Performance

Descriptive analysis was done on organizational structure and the findings are shown in the Table 6.

Table 6: Organizational structure Alignment and Performance

	N	Min	Max	Mean	Std. Deviation
All MFI employees understand the values of the bank, goals and objectives at any particular moment in time.	178	1	5	4.41	0.808
The MFI management have instituted a well-defined division of work among the MFI staff	178	1	5	3.93	0.974
There is smooth coordination of work and activities in the operations in the MFI to an extend that everyone is directed towards the goals and objectives of the bank	178	1	5	3.72	0.839
The personnel involved in decision-making process in the MFI are well empowered to do so on behalf of all employees	178	1	5	3.90	0.931
The administration of the MFI takes full authority is responsible and accountable for the performance of the institution	178	1	5	3.71	0.811

The working relationship amongst employees is strong and enables everyone in the MFI to focus on better performance.	178	1	5	3.86	0.910
The management engages all employees in constant communication to ensure all strategies are aligned to improved performance	178	1	5	3.86	0.857
Valid N (listwise)	178			3.91	0.876
Overall Score					

Source: Researcher (2024)

Table 6 shows the findings of the descriptive analysis on organizational structure alignment. The overall mean score was 3.91 and a standard deviation of 0.876, implying that respondents agreed with the statements on organizational structure alignment and organizational performance of microfinance institutions. Participants agreed that MFI employees have a clear understanding of the values of the institution, goals and objectives at any particular moment in time (Mean=4.41, Std Dev=0.808); that management have instituted a well-defined division of work among the MFI staff (Mean=3.93, Std Dev=0.974) and that there is existence of smooth coordination of work and activities in the operations in the MFI to an extend that everyone is directed towards the goals and objectives of the institution (Mean=3.72, Std Dev=0.839). respondents also agreed with the statements that personnel involved in decision-making process in the MFI are well empowered to do so on behalf of all employees (Mean=3.90, Std Dev=0.931); that administration of the MFI takes full authority is responsible and accountable for the performance of the institution (Mean=3.71, Std Dev=0.811) and that working relationship amongst employees is strong and enables everyone in the MFI to focus on better performance (Mean=3.86, Std Dev=0.910). further respondents were in agreement with the statement that management engages all employees in constant

communication to ensure all strategies are aligned to improved performance (Mean=3.86, Std Dev=0.857).

These findings concur with Ogaga and Awino (2019) emphasize that for organizational structure to positively impact performance, attention must be paid to internal business operations, including the division of labor and effective communication of tasks. A conducive work environment ensures that all efforts are directed towards achieving firm objectives. Muriu (2019) further contends that well-coordinated work tasks, as delineated in the organizational structure, lead to highly efficient work teams, resulting in enhanced productivity. These viewpoints are supported by Chibueze and Ogbo (2015), who advocate for decentralization of power through participatory decision-making processes, thus improving staff productivity and firm efficiency. When employees are involved in formulating strategies and plans, there is a greater sense of engagement and ownership, facilitating implementation. Chigozie and Chijioke (2015) also discuss how organizational performance and productivity are enhanced through staff competency, which is achieved through adequate training tailored to individual needs and organizational performance standards. When employees are well-informed about firm objectives and receive appropriate training to enhance their skills, improved performance is the outcome.

4.4.3 Technology Alignment and Performance

The results of the third variable that was analyzed using description are shown in Table 7.

Table 7: Technology Alignment and Performance

	N	Min	Max	Mean	Std. Deviation
The MFI creates new performance channels via creative approach	178	1	5	3.70	0.835

The MFI promotes and rewards creative thinking	178	1	5	3.85	0.808
As a sign of its dedication, the MFI makes investments in the creation of novel technology concepts	178	1	5	3.76	0.954
The MFI makes sure employees have access to all amenities so they can work more efficiently	178	1	5	3.63	0.905
The company has allocated funds for research and development	178	1	5	3.74	0.867
The MFIs' divisions are outfitted with the required technologies	178	1	5	3.93	0.880
The installation of contemporary banking technology that our MFI purchased has resulted in positive adjustments that have improved the bank's operational performance.	178	1	5	3.85	0.934
Valid N (listwise)	178				
Overall Score				3.78	0.885

Source: Researcher (2024)

Table 7 reveals that technological alignment in general had a mean 3.78 and standard deviation of 0.885 implying that respondents agreed with the constructs and low std deviation value indicating minimal variation in responses. Respondents agreed with the statements that MFI creates new performance channels via creative approach (Mean=3.70, Std Dev=0.835); that MFI promotes and rewards creative thinking (Mean=3.85, Std Dev=0.808) and that MFIs are committed in making investments in the creation of novel technology concepts (Mean=3.76, Std Dev=0.954). the results also indicate that respondents were in agreement that MFI equip employees with current information technologies for efficient work (Mean=3.63, Std Dev=0.905) and as a show of its support and commitment to technological advancement, the MFIs has a budget set

aside for research and development (Mean=3.74, Std Dev=0.867) these results concur with Chege (2019) who revealed the value of investing in new technologies and innovative strategies that enhance the performance of the firm. Investment in modern and advanced technologies allows an organization to exploit the operating environment and turn ahead of the competition in the market or industry.

Respondents further agreed with the statement that MFIs' divisions are outfitted with the required technologies (Mean=3.93, Std Dev=0.880) and that installation of contemporary banking technology has resulted in positive adjustments that have improved the MFI's operational performance Mean=3.85, Std Dev=0.934). These findings echo Laban and Deya's (2019) findings, indicating that market-driven innovations enhance organizational performance. This stems from their capacity to introduce new products and services that capture consumer interest, thus bolstering market appeal and organizational success. Given the ever-evolving nature of markets, organizations must continually explore novel approaches to meet market demands, thereby enhancing their performance.

Kariuki (2015) emphasizes the significance of technological alignment in driving performance improvement, advocating for the adoption of new technologies within firms. This alignment entails incentivizing innovators and those who devise efficient operational methods through rewards and technology utilization. Similarly, Nguyen, Nguyen, and Phung (2019) advocate for the development of innovative products and leveraging technological resources to enhance firm performance. Echoing these sentiments, Faruk and Lynn (2016) assert that organizational innovation strategies positively impact performance. For instance, advancements in banking technologies have facilitated swift and efficient service delivery, consequently enhancing banks' performance ratings.

4.4.4 Resource Alignment and Performance

The study analyzed resource alignment and the results are shown in Table 8.

Table 8: Resource Alignment and Performance

	N	Min	Max	Mean	Std. Deviation
In most cases, workers may get the tools they need for their jobs	178	1	5	3.80	0.816
The management arranges the tasks to be completed according to the resources that are available	178	1	5	3.73	0.917
The management believes they have sufficient people and knowledge resources, and each employee is well aware of their responsibilities.	178	1	5	3.79	0.902
The MFI has sufficient funding to carry out its operations	178	1	5	3.79	0.997
Better performance is the result of the result of the management's diligent efforts to align MFI resources with output	178	1	5	3.65	0.929
The MFI management strive to lower expenses associated with resources in order to improve performance	178	1	5	3.69	0.820
The MFI seeks to seize up-and-coming possibilities that may be transformed into brand-new company endeavours.	178	1	5	3.78	0.885
Valid N (listwise)	178				
Overall Score				3.75	0.895

Source: Researcher (2024)

The Table 8 reveal that the overall score for resource alignment and performance is placed at 3.75 and the standard deviation score is 0.895, implying that respondents agreed with the statements on resource alignment and organizational performance. Particularly respondents agreed that they receive needed resources at the institution (Mean=3.80, Std Dev=0.816); that management arranges the tasks to be completed according to the available financial and human resources (Mean=3.73, Std Dev=0.917) and that MFIs have sufficient human resource and knowledge resources, and each employee is well aware of their responsibilities (Mean=3.79, Std Dev=0.902). As shared by Ongeti and Machuki (2018) that resources are required for high performance of the state corporations in Kenya. When organizational employees are able to access all the resources that they need to handle their tasks, then it results in improved performance.

On whether the MFIs have sufficient resources to carry out operations, respondents agreed with a mean of 3.79 and a standard deviation of 0.997 and also agreed that NFIs enhanced performance has been contributed by the management's diligent efforts to align MFI resources with output (Mean=3.65, STD dev=0.929). The results also indicate that respondents agreed that MFI management strive to lower expenses associated with resources in order to improve performance (Mean=3.69, Std Dev=0.820). these were similar to the findings of Otulia et al. (2017), it has been shown that organizations tend to experience diminished performance due to mismanagement and wastage of surplus resources. The researchers recommend implementing scheduling and maintaining comprehensive records of resource utilization to mitigate wastefulness and reduce costs, thereby enhancing overall organizational performance. Respondents were further in agreement with the statement that MFI seeks to seize up-and-coming possibilities that may be transformed into brand-new company endeavours (Mean=3.78,

Std Dev=0.885). these findings were similar to Murimi et al., (2019) who suggest that resources play a vital role in enhancing the performance of small and medium-sized enterprises (SMEs). Both physical and human resources are crucial for achieving high organizational performance by enabling SMEs to explore their surroundings and develop innovative products, ultimately leading to substantial profit margins.

4.4.5 Organization Performance

The descriptive analysis was conducted on the dependent variable of performance and the results are shown in Table 9.

Table 9: Organization Performance

	N	Min	Max	Mean	Std. Deviation
Enhancing customer satisfaction via strategic alignment	178	1	5	4.08	1.004
Enhancing employee happiness via strategic alignment	178	1	5	3.70	0.952
The MFI's market share increases with strategic alignment	178	1	5	3.93	0.864
The MFI made significant financial gains	178	1	5	3.71	0.963
With the execution of the plan over the last year, the MFI has developed and expanded.	178	1	5	3.88	0.927
The MFI managers seize fresh prospects for revolt, which they then transform into business concepts	178	1	5	3.89	0.899
The operational performance has improved during the last 12 months	178	1	5	4.18	0.925
Valid N (listwise)	178				
Overall Score				3.91	0.933

Source: Researcher (2024)

The data presented in the table indicates an overall mean of 3.91 with a standard deviation of 0.933. It suggests that respondents agreed with the statements on strategic alignment affecting organizational performance. Respondents agreed that strategic alignment affect with high levels of customer satisfaction, as evidenced by a mean of 4.08 and a standard deviation of 1.004. Moreover, strategic alignment also contributes to enhanced employee satisfaction, reflected in a mean of 3.70 and a standard deviation of 0.952, as well as improved market share (Mean=3.93, Std Dev=0.864). These findings are similar to a study by Mbai et al., (2018) which underscored the importance of measuring performance based on customer satisfaction and the expansion of service delivery, particularly in environments where employees are content with their roles and responsibilities.

Respondents also indicated positive growth and expansion within the MFI (Mean=3.88, Std Dev=0.927). Additionally, there were improved profits recorded (Mean=3.71, Std Dev=0.963). These performance metrics align with the findings of Ongore and Kusa (2013), who emphasized the significance of profitability indices, productivity levels, and competitive positioning in assessing organizational performance. Further, Muzny and Simba (2019) underscored the importance of continuous performance tracking and feedback mechanisms to adapt strategies based on results, whether to innovate further during high-performance periods or to adjust strategies during low-performance periods.

The MFI 's management has shown improvement through the adoption of innovative strategies, evidenced by a mean of 3.89 and a standard deviation of 0.899. Additionally, operational performance has seen enhancements within the MFI, reflected in a mean of 4.18 and a standard deviation of 0.925. According to Muthoni and Kinyua (2020), the financial performance of an organization relies on its ability to leverage newly emerging

opportunities and attract and retain talented employees capable of developing innovative products. Performance evaluation encompasses various factors, including market share, profit margins, and non-financial indicators such as customer and employee satisfaction (Gabow & Kinyua, 2020).

4.5 Correlation Analysis

It was conducted and the findings are presented in Table 10.

Table 10: Correlation Analysis

		Organizational Performance	Organizational Culture Alignment	Organizational Structure Alignment	Technology Alignment	Resource Alignment
Organizational Performance	Pearson Correlation	1				-
	Sig. (2-tailed)					
	N	178				
Organizational Culture Alignment	Pearson Correlation	0.603	1			
	Sig. (2-tailed)	0.001				
	N	178	178			
Organizational Structure Alignment	Pearson Correlation	0.941**	0.172	1		
	Sig. (2-tailed)	0.003	0.000			
	N	178	178	178		
Technology Alignment	Pearson Correlation	0.900*	0.256**	0.895**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
	N	178	178	178	178	
Resource Alignment	Pearson Correlation	0.769**	0.392**	0.730**	0.800**	1
	Sig. (2-tailed)	0.000	0.000	0.001	0.927	
	N	178	178	178	178	178

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

The results displayed in Table 10 indicate that there's a strong and positive connection between organizational culture alignment and performance, as indicated by an R-value of 0.603 and a p-value of 0.000. Similarly, there is a significant and positive relationship between organizational structure alignment and performance, with an R-value of 0.941 and a p-value of 0.000. Moreover, technology alignment is also positively linked to performance, supported by an R-value of 0.900 and a p-value of 0.000. Finally, resource alignment shows a significant and positive correlation with performance, with an R-value of 0.769 and a p-value of 0.000.

According to the recommendations made by Huber (2004) who made this interpretation of results from linear relationship with categorization of the results as weak or moderate or strong. The results categorized as weak they have ranges of from ± 0.10 to ± 0.29, moderate correlation ranges from ± 0.30 to± 0.49 and strong correlation is where r-values range from ± 0.5 to ± 0.9. By following this categorization, the findings show a strong and significant relationship between the study variables. Organizational structure alignment had the strongest and highest correlation to performance of the MFI; the second is technological alignment, then resource alignment and the last is organizational culture alignment.

4.6 Regression Analysis

Regression analysis was done to evaluate strategic alignment and its effect on performance. This section presents the results for regression analysis, the model summary, ANOVA and regression co-efficient.

4.6.1 Model Summary

Table 11 presents the model summary findings which shows the results of coefficient of the correlation and coefficient of determination.

Table 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756[a]	0.508	0.642	6.962

a. Predictors: (Constant), Organizational Culture, Structure, Technology, Resource Alignment
Source: Researcher (2024)

The results presented in Table 11 demonstrate a robust positive correlation, with a correlation coefficient of 0.756. Additionally, the adjusted coefficient of determination stands at 0.642, indicating that 64.2% of the fluctuations in the performance variable studied can be attributed to the independent variables such as organizational culture alignment, organizational structure alignment, technological alignment, and resource alignment. The remaining 35.8% of the variation is likely influenced by strategic alignments beyond the scope of this study, which were not considered and thus lie outside its boundaries.

Strategic alignment plays a significant role, contributing to 64.2% of organizational performance within microfinance institutions in Meru County. The key focus areas include aligning organizational culture, structure, technology, and resources within these institutions. With an R value of 0.756, the relationship between these variables is notably strong and positive. These findings are consistent with Alagaraja and Shuck's (2015) assertion that strategic alignment involves harmonizing the organization's strategy with factors such as culture, structure, and resources to enhance overall performance. Effective implementation of strategic alignment, coupled with access to advanced technologies and resources like financial capital and skilled personnel, as well as fostering an open and permissive organizational culture, can provide a competitive edge over other players in both the market and the industry.

4.6.2 ANOVA

ANOVA analysis was conducted in the study at 5% significance for comparison purpose between F values for F Calculated and F Critical. The results of the analysis are shown in Table 12.

Table 12: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.681	4	13.920	15.995	.000[b]
	Residual	160.010	174	7.925		
	Total	163.691	178			

a. Dependent Variable: organizational performance

b. Predictors: (Constant), Organizational Culture, Structure, Technology, Resource Alignment

Source: Researcher (2024)

The findings from Table 12 indicate that the calculated F value was 15.995, surpassing the critical F value of 2.475 (with 4, 88 degrees of freedom). This suggests that the overall regression model effectively predicts the interaction between the independent variable of strategic alignment and the dependent variable of organizational performance. Moreover, the p-values are recorded as 0.00, falling below the predetermined significance level of 0.05. This implies that at least one of the independent variables significantly impacts the dependent variable of organizational performance within the microfinance institutions in Meru County.

4.6.3 Regression Coefficients

The study conducted regression coefficient to determine how each individual strategic alignment influences the performance of microfinance institutions in Meru County. The generated results are in Table 13.

Table 13: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.192	0.380		7.428	0.000
	Organizational Culture Alignment	1.171	0.052	0.163	0.834	0.005
	Organizational Structure Alignment	0.929	0.053	0.317	0.229	0.000
	Technology Alignment	0.807	0.051	0.105	1.385	0.036
	Resource Alignment	0.574	0.055	0.190	1.196	0.002

Source: Researcher (2024)

The resultant equation becomes:

$Y = 13.192 + 1.171X1 + 0.929 X2 + 0.807X3 + 0.574 X4$

Where;

Y is the performance of the microfinance institutions and X1 = Organizational culture Alignment, X2= Organizational structure Alignment, X3= Technological Alignment and X4= Resource Alignment

Table 13 illustrates that when keeping all other variables constant, the performance of microfinance institutions is estimated to be 13.192. With a one-unit increase in organizational culture alignment, holding other strategic alignment factors constant, microfinance institutions' performance is projected to increase by 1.171 units. Similarly, a one-unit increase in organizational structure alignment, with other factors constant, is associated with a performance increase of 0.929 units. Additionally, a one-unit increase in technological alignment, when other factors remain constant, leads to a performance rise of 0.807 units for microfinance institutions. Finally, when resource alignment

increases by one unit while other factors are held constant, the performance of microfinance institutions is expected to increase by 0.574 units.

The p-value associated with organizational culture alignment was found to be 0.005, indicating its significant impact on the performance of banks, as it falls below the commonly used threshold of 0.05. This finding aligns with research conducted by Owino and Kibera (2019), who demonstrated a positive and significant relationship between organizational culture alignment and the performance of microfinance institutions. Their study highlighted organizational culture alignment characterized by aspects such as clan-like environments, hierarchical structures in the workplace, and strong organizational cultural norms. Similarly, Taye et al. (2019) supported these findings, emphasizing that organizational culture, manifested through aspects like work environment, leadership style, strategic approaches, information dissemination, and socialization practices, contributed to enhanced organizational performance.

The p-values associated with organizational structure alignment were determined to be 0.000, indicating a significant impact on the performance of microfinance institutions, as it falls below the commonly accepted threshold of 0.05. These results echo the findings of Ogaga and Awino (2019), who demonstrated that organizational structure, including factors such as the internal business environment, customer management strategy, and corporate strategy, exerted a considerable influence on firm performance. Similarly, Kihara et al. (2016) found that organizational structure significantly and positively affected the performance of manufacturing firms. Many of these manufacturing companies favored structures characterized by tight control, power, and authority held by managers, aiming to enhance the efficiency, effectiveness, and productivity of their operations.

The p-value associated with technological alignment was recorded as 0.036, falling below the threshold of 0.05, indicating a significant impact on the performance of commercial banks. These results are consistent with the findings of Laban and Deya (2019), who explored the relationship between technological innovation, alignment, and the performance of ICT firms in Nairobi County. They observed that technological innovations, encompassing process, product, and market innovations, played a crucial role in aligning firm strategies with organizational performance. Similarly, Chege (2019) discovered that enterprise performance was strongly influenced by technology and innovative strategies. Additionally, Kariuki (2015) highlighted that technology alignment contributed to the enhanced performance of telecommunication firms in Kenya, emphasizing the need for continued investment in technologies to sustain high performance levels.

Resource alignment significantly affected the performance of microfinance institutions, as evidenced by the p-values of 0.002, falling below the threshold of 0.05. This finding resonates with the outcomes of a study conducted by Murimi et al. (2019), which demonstrated that physical resources within an organization positively and significantly impacted the performance of small and medium-sized manufacturing firms. Ongeti and Machuki (2018) also emphasized the importance of both tangible and intangible resources, as well as human capital, in influencing organizational performance.

4.7 Qualitative Data

The respondents were asked to describe the business culture in their bank. The respondents shared that adhocracy culture was deeply rooted within the bank and it helped in focusing the bank employees on the development of innovative products and efficient processes and strategies. At the same time, openly sharing information on bank operations is encouraged that lead to high performance of the entire bank. Another

respondent shared that using marked culture pushes the bank to prioritize on profits and all its objectives and processes are aimed at profit making. The clan culture allowed the banking institution to be people focused and hence making the workplace and its workforce feel like family. The competitiveness is limited and everyone works in groups to deliver the agenda of the bank. There is establishment of team oriented culture such that bank employees are categorized into departments and smaller work teams that result in happy and satisfied employees. The sentiment were revealed by Taye, et al. (2019) who noted that strong organizational culture seen through elements like the working environment, leadership style and format, strategies, information sharing and socialization led to improved organizational performance.

Hierarchal culture is also employed in the banks since they are commercial enterprises that operate on profit-making basis. This type of culture focused on holders of command, power and authority and serves as a motivation for junior and subordinate staffs to work hard to reach positions of authority within the bank. The decisions made by the bank leaders push the other staff to attain the set targets that positively influence overall organizational performance. This is in-line with what Owino and Kibera (2019) found that improved performance in the MFIs was based on organizational culture alignment with merits like clan life, hierarchal scheme at the workplace and strong organizational culture topologies.

On the question on bank structure, the respondents were asked to explain their thoughts on how it enabled the firm to attain its performance goals. The respondents agreed that the bank structure has a good communication system that allows information sharing and giving of feedback that improves the performance. Communication reduces instances of confusion which might reduce work output and the feedback is prompt to cut down on delayed response. The respondents also agreed that the structure allows for

breakdown of organizational goals into small assignments that work to deliver the overall goal and the corporate objective. The constant consultations allow the top management to include the views of the junior staffers in bank's operational strategy. Similar thoughts were shared by Ogaga and Awino (2019) revealing that organizational structure based on internal business operations and its division of labor and communication of work assignments and tasks resulted in improved organizational performance.

The respondents also mentioned that the bank internal structure is based on division of work, such that upon employment, the new employee is placed in a department, bank branch and work team. The clarity in defining work position, station and duties ensures that the bank goal is attained. Furthermore, the inclusivity and participation in decision making empowers all bank employees to feel part of the organization and that their thoughts are valued, this works to motivate bank staff to deliver on their tasks that works towards attaining the organizational objectives. Similarly, Malik (2014) advocates for formal organizational structure with set boundaries, operating standards and working in teams or groups to deliver the strategy and objective of the firm.

On technology alignment, the respondents were asked to share their thoughts on it usage and how it enables the attainment of the bank's targeted performance. The majority of the respondents agreed strongly that using technologies helps cut down the turn-around time on responses to customer requests and handling different operations at the workplace. The use of current banking technologies has helped bank staff to quickly and accurately deliver quality services to the clients which results in high rate of customer satisfaction. For instance, bank clients can apply for short-term loans and get the money within a few minutes using modern-day banking technologies. Sharing the same thoughts, Kariuki (2015) talks of technological alignment that improves performance

hence advocating for procuring new technologies and using it in the firm. The organization's leadership should make plans to invest in technologies that eases operations and improves work output.

The use of technologies allows the bank to deliver innovative products to the market and innovate strategies improves operations of the bank leading to higher quality service delivery and staying ahead of competing financial institutions. The respondents also mentioned that bank employees have embraced the new technologies and has seen increased performance like the use of social media to market the bank products which has received positive feedback. The bank leadership has equally embraced online marketing that has a far-reach to the consumers who are connected on different digital platforms. While Laban and Deya (2019) shared that innovations that are market-based improve the performance of organizations. The technologies help in coming up with innovative products and services as per client needs and preferences; it also works in a way to explore new ways of meeting the market needs resulting in improved productivity.

The respondents were asked to share their thoughts on bank resources and its alignment for bank performance. The responses shared reveal that the resources were spent on research to gain information on customer wants and possible solutions that will elevate the bank position and its performance. The respondents also shared that the bank has talented staff as part of its human resource that tap on new opportunities and products to improve customer service and enhance customer satisfaction. Ongeti and Machuki (2018) describe the value of intangible resources and human capital to the realization of high performance and availability of tangible assets to employees when handling organizational tasks.

The respondents agreed that the bank invests in tailor-made goods to suit the needs of the customer like the use of online banking services for digital-savvy customers or very busy customers who lack time to visit the banking halls. The bank has invested in alternative banking service like mobile and internet banking and easy transfer of cash as way of cutting down on operational expenses and improving returns on investment and income earning. Similar thoughts were shared by Otulia, et al. (2017) who revealed that using alternative operational procedures can help in cutting costs which has a positive impact on output.

The respondents of the study were asked to describe the current bank performance and measures that will lead to additional performance. The majority shared that top bank leadership has been keen on communicating the mission, vision and goals of the bank and making strategies to deliver the same by dividing assignments to each staff. The staffs have annual targets that are broken down into semi-annual, quarterly and monthly targets that are geared to delivery of the overall organizational goal. Muzny and Simba (2019) advocates for breaking down the overall objective into small tasks and tracking the attaining of each objective that leads to high outcomes.

The respondents agreed that the introduced trade finance products has reduced risks for the bank and increased its profit margins. The trade finance products has led to growth of the bank and expanded its market share. Further response show that by cutting down on operational costs and overhead expenses the profit margins for the bank has increased and with additional investment in alternative banking options, the bank projects more returns in future. Gabow and Kinyua, (2020) reveal that performance indicators for profit making organizations include measures like market share and profit margins and also the use of non-financial measures like employee and customer satisfaction.

The customer-based service delivered and products that are solution-based allowed the bank to attain high customer satisfaction rates and use of qualified and talented employees will continue delivering the same even in the future. The investment in research enables the bank to deliver innovative goods, meeting the client's needs and aggressively marketing the bank products increases the awareness and uptake of the bank services and products, thus increasing the market share and growth and expansion. The sentiments are shared by Ongore and Kusa (2013) stating that when all inputs and efforts have been made in the operation and functions of the organization, it is then paramount to measure performance and production levels either by comparison with set targets or competitors.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter five provides an overview of the research findings, offering sections dedicated to discussing conclusions derived from the primary purpose of the study and presenting recommendations based on the research outcomes.

5.2 Summary

This research focused on investigating strategic alignment effect on performance of microfinance institutions in Meru County, Kenya. The study's particular objectives encompassed examining organizational culture alignment, organizational structure alignment, technological alignment, and resource alignment. Employing a descriptive research design, the study was conducted across ten microfinance institutions operating within Meru County.

Through correlation analysis and examination of the obtained r values and corresponding p-values, the research concluded that organizational culture alignment had a substantial and beneficial impact on the performance of the microfinance institutions.

Elements of organizational culture alignment encompass information dissemination, active engagement, and involvement in all bank operations and decision-making processes, governance structures, reporting protocols within the bank, and support from both colleagues and upper management. Additionally, it was found that organizational structure alignment had a notable and positive impact on the bank's overall performance. Correlation analysis revealed a clear association between organizational structure alignment and enhanced bank performance.

Organizational structure alignment considered aspects like defined division of labor and assigned tasks, sharing the mission, vision and goal of the bank, the decision-making procedure, coordination of work, communication channels that ensure flow of information and authority and administration of bank operations.

The research findings indicated a notable and statistically significant positive impact of technological alignment on performance, as evidenced by the r values and p-values obtained through correlation analysis. Technological alignment with elements like innovative strategies, investments made for new technologies, equipping the bank with appropriate technologies, access to new technologies and use of modern-day banking technologies led to high performance of the commercial banks. Recognizing and incentivizing innovators and employees who introduce creative ideas and utilize technology in operations led to enhanced bank performance.

Additionally, the research found that resource alignment significantly and positively influenced performance, as evidenced by the results of correlation analysis. Resource alignment involves ensuring employees have access to necessary resources for their tasks, assessing the financial capacity of the bank, attracting skilled human capital, aligning bank resources with production needs, and effectively managing resources to reduce operational expenses.

5.3 Conclusion

Commercial organizations primarily focus on achieving high performance, with all their operations and decisions centered around this goal. High performance is gauged through metrics such as returns on investment, productivity levels, customer satisfaction, and the recruitment and retention of talented employees who contribute to achieving corporate objectives. In an effort to improve performance, the microfinance institutions in Meru County have adopted strategic alignment with components like organizational culture

alignment, organizational structure alignment, technological alignment and resource alignment.

These elements of strategic alignment have resulted in enhanced performance by fostering a culture of information sharing and comprehensive involvement in all aspects and functions of the bank. Leadership actively supports and engages employees in strategy development by soliciting their input. The organizational structure within the banking sector follows a formal approach to dividing labor, delegating and coordinating tasks, and maintaining open communication channels that facilitate the flow of instructions and feedback throughout the organization.

The bank has achieved enhanced performance, including heightened customer satisfaction and operational efficiency, by aligning with modern-day banking technologies. This involves equipping bank branches with suitable technological tools that are accessible and usable by bank employees. The study also concludes that the realized high performance is based on the microfinance institutions adopting to resource alignment with elements like financial capabilities, talented human capital and cutting operational and overhead costs.

5.4 Recommendations for Policy and Practice

The study implication is such that strategic alignment with aspects of organizational culture alignment, organizational structure alignment, technological alignment and resource alignment significantly affected the banks performance. Therefore, the recommendation put forth is for other commercially-driven organizations to adopt strategic alignment practices to enhance their performance. It is advised that these organizations prioritize organizational structure alignment, given its significant impact on the bank's performance, which in turn can positively influence their own performance. Organizational structure alignment encompasses elements like division of

labor, communicating on corporate strategy and objective, coordination of work, administrative system and participatory decision making.

Technological alignment was rated as second in its effect on performance, therefore suggesting that other organizations adopt its use to help in operational efficiency, cutting operational costs, high quality service delivery and coming up with innovative products and strategies.

The study also recommends the use of resource alignment with the elements like highly talented human resource, financial resources and access to physical resources by other organizations so as to improve firm performance. On organizational culture alignment, the study recommends its adoption through clan life, information sharing, open communication system and support and participation in formulating strategies and making decisions to improve the performance of the organization.

5.5 Suggestions for Further Research

Since the study focused solely on microfinance institutions in Meru County, it's possible that the findings are influenced by the specific context of that region. Therefore, there's a necessity to conduct further research in diverse regions and across various sectors beyond finance. This could include industries such as hospitality, education, manufacturing, and agriculture, which are also influenced by organizational culture.

The adjusted coefficient of determination revealed a value of 0.642, indicating that 64.2% of the variation in performance among microfinance institutions could be attributed to the independent variable of strategic alignment. However, future studies should concentrate on investigating the residual effect of the remaining 35.8% of alignments that were not accounted for in this research.

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APPENDICES

Appendix I: Informed Consent

EFFECT OF STRATEGIC ALIGNMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF SELECTED MICRO FINANCE INSTITUTIONS IN MERU COUNTY KENYA.

My name was Linet Gatwiri, a postgraduate student at Mount Kenya University, working towards a Master's degree in Business Administration. I extend an invitation for you to take part in a research study. Participation was entirely voluntary, allowing you the choice to engage or decline. This study aimed to explore the impact of strategic alignment on the performance of selected microfinance institutions in Meru County, Kenya.

You was requested to complete a survey, which was estimated to take about 35 minutes of your time. To ensure confidentiality, you will not need to provide any identifying information on the questionnaire. You have the right to skip any question that makes you uncomfortable or to opt out of the survey entirely.

You may withdraw from this study at any time without needing to inform the researcher, and this will not affect your relationship with the investigator or any other involved party. There were no known risks or financial incentives associated with participation in this survey.

Should you decide to participate, please answer the survey questions as accurately as possible and return the questionnaire promptly to assist in the completion of this research project.

For any inquiries regarding this project, please contact me, LINET GATWIRI, at 0700757463, or my university supervisor, DR ROBERT OBUBA. If you have any concerns about your rights as a research participant, you may contact the Chairman of the Mount Kenya University Ethical Review Committee at P.O Box 342-01000, Thika.

Your cooperation in this vital research was greatly appreciated.

CONSENT

I have read and understood the information provided above and have had the opportunity to ask questions. I understand that my participation was voluntary, and I am free to withdraw at any time without giving any reason and without any penalty. I am aware that I will receive a copy of this consent form. I voluntarily agree to participate in this study.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____

Appendix II: questionnaire

Section A: Respondent's Demographic Information

Instructions:

kindly answer all questions in the space provided and do not write your name. The information was used for this research study only and was handled with confidentiality. Tick against your responses

1. Gender?

   Male () Female ()

2. Age

   21-30 years ( )
   31-40 years ( )
   41-50 years ( )
   Above 50 years ( )

3. Indicate your highest academic qualification

   Certificate ( )

   Diploma ( )

   Undergraduate ( )

   Postgraduate ( )

   Other ( )

4. Indicate the length that you have been working in this bank?

   0-3 years ( )

   3-6 years ( )

   6-9 years ( )

   Over 9 years ( )

5. Indicate your professional orientation in the bank?

   IT ( )

   Finance ( )

   Customer Care ( )

   Audit & Quality ( )

Marketing ( )

Other ( )

6. State the position you hold at the bank?

   Subordinate ( )

   Lower Level ( )

   Middle Level ( )

   Senior Manager ( )

SECTION B: ORGANIZATIONAL CULTURE ALIGNMENT

7. Please express the degree to which cultural alignment impacts performance in your MFI by utilizing a scale where 1 corresponds to strongly disagree, 2 to disagree, 3 to neutral, 4 to agree, and 5 to strongly agree.

Cultural alignment	**5**	**4**	**3**	2	**1**
Our MFI fosters a business culture that promotes seamless collaboration among employees to achieve peak performance.					
The top management's passion for their work creates a sense of inclusivity, making employees feel integral to the decision-making process.					
We prioritize transparent communication by sharing information about new strategies before they were implemented.					
The MFI has established a robust governance system encompassing rules, regulations, policies, and procedures.					
These governing principles, set by the management, serve as a foundation to uphold ethical standards among employees.					
Our well-structured reporting procedure was universally adhered to, ensuring consistency and accountability.					
The overall culture was geared towards supporting the attainment of strategic goals outlined by senior managers. This holistic approach contributes to a positive and effective working environment.					

8. Describe the business culture within your bank, using your own words, and explain how you believe it contributes to the overall success and performance of the bank. ----------

   ----

SECTION C: ORGANIZATIONAL STRUCTURE ALIGNMENT

9. Regarding the alignment of organizational structure and its impact on performance within your bank, please express your agreement with the following statements using a scale of 1 to 5, where 1 signifies strong disagreement, 2 was disagreement, 3 was neutral, 4 was agreement, and 5 was strong agreement.

Structural alignment	**5**	**4**	**3**	**2**	**1**
All MFI employees understand the values of the bank, goals and objectives at any particular moment in time.					
The MFI management have instituted a well-defined division of work among the MFI staff.					
There was smooth coordination of work and activities in the operations in the MFI to an extend that everyone was directed towards the goals and objectives of the bank.					
The personnel involved in decision-making process in the MFI were well empowered to do so on behalf of all employees.					
The administration of the MFI takes full authority, was responsible and accountable for the performance of the bank.					
The working relationship amongst employees was strong and enables everyone in the MFI to focus on better performance.					
The management engages all employees in constant communication to ensure all strategies were aligned to improved performance.					

10. Do you believe that the current structure of your MFI has the potential to facilitate the achievement of performance objectives? If so, please provide a brief explanation. ---

---

SECTION D: TECHNOLOGY ALIGNMENT

11. Indicate to what extent does technology alignment influence performance in your bank, where 1 was strongly disagree, 2 was disagree, 3 was neutral, 4 was agree and 5 was strongly agree.

Technology alignment	**5**	**4**	**3**	**2**	**1**
The MFI creates new performance channels via creative approach.					
The MFI promotes and rewards creative thinking.					
As a sign of its dedication, the MFI makes investments in the creation of novel technology concepts.					
The MFI makes sure employees have access to all amenities so they can work more efficiently.					
The company has allocated funds for research and development.					
The banks' divisions were outfitted with the required technologies.					
The installation of contemporary banking technology that our MFI purchased has resulted in positive adjustments that have improved the bank's operational performance.					

12. In your own words, explain how you think the technology alignment of your MFI enables the MFI to achieve targeted performance. ----------
---

SECTION D: RESOURCES ALIGNMENT

13. Indicate to what extent does resources alignment influence performance in your bank, where 1 was strongly disagree, 2 was disagree, 3 was neutral, 4 was agree and 5 was strongly agree.

Resources Alignment	**5**	**4**	**3**	**2**	**1**
In most cases, workers may get the tools they need for their jobs.					
The management arranges the tasks to be completed according to the resources that were available.					

The management believes they have sufficient people and knowledge resources, and each employee was well aware of their responsibilities.					
The MFI has sufficient funding to carry out its operations.					
Better performance was the result of the management's diligent efforts to align MFI resources with output.					
The MFI management strive to lower expenses associated with resources in order to improve performance.					
The MFI seeks to seize up-and-coming possibilities that may be transformed into brand-new company endeavors.					

14. Do you believe that all the resources in your MFI were aligned towards enabling the MFI to hit the targeted performance in the next financial year? If yes, briefly explain. ----------

---

SECTION E: ORGANIZATION PERFORMANCE

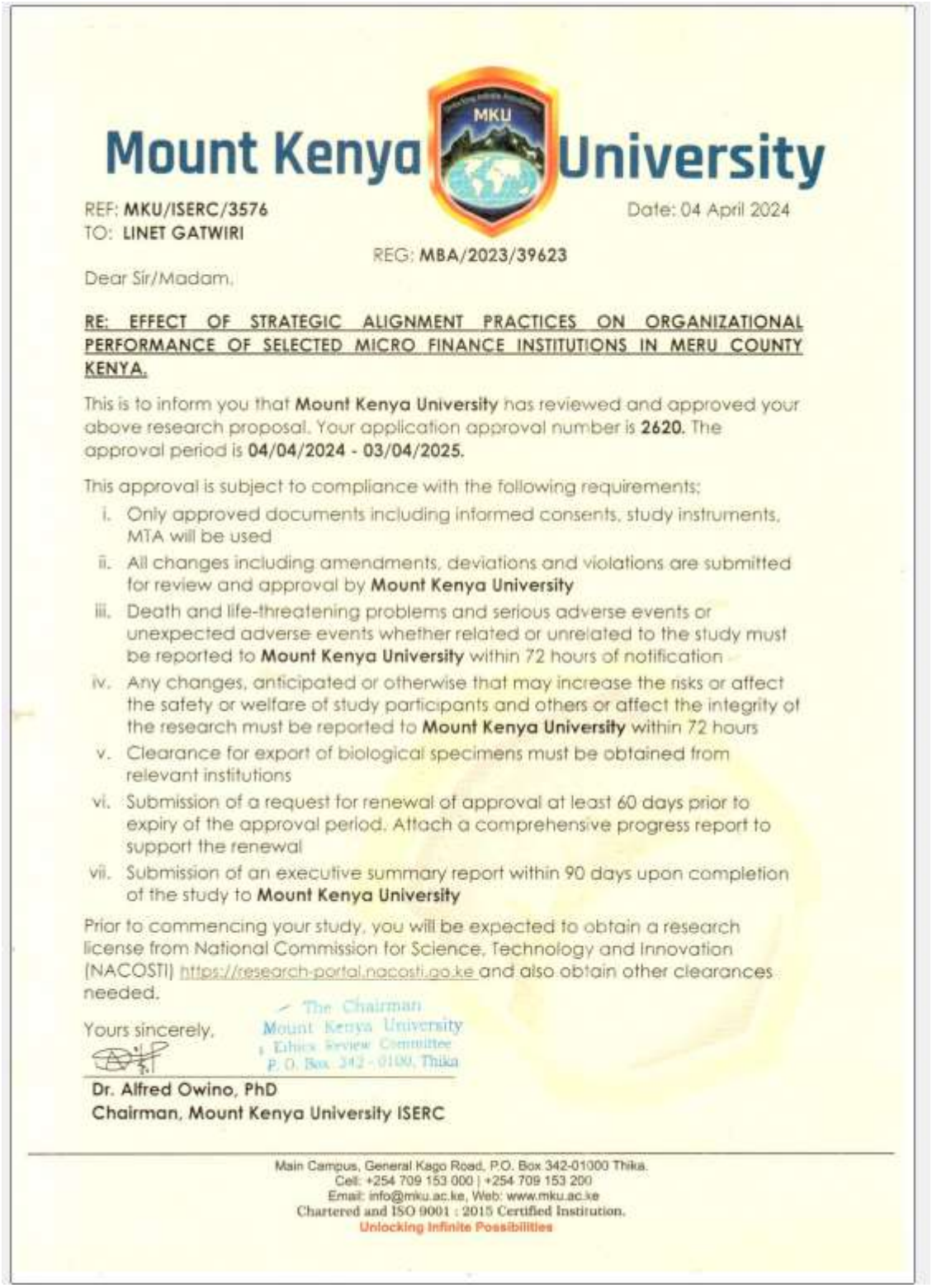
15. Indicate the performance levels at your bank, using the 5-point Likert

Organizational Performance	**5**	4	**3**	**2**	**1**
Enhancing customer happiness via strategic alignment					
Enhancing employee happiness via strategic alignment					
The bank's market share increases with strategic alignment.					
The MFI made significant financial gains.					
With the execution of the plan over the last year, the MFI has developed and expanded.					
The MFI employs creative strategies to raise performance levels.					
The MFI managers seize fresh prospects for revolt, which they then transform into business concepts.					
The operational performance has improved during the last 12 months.					

16. In your own words, describe how the MFI has succeeded to attain the current performance, and how it intends to realize additional performance. ----------

---

Appendix III: ERC Certificate



Mount Kenya University

REF: **MKU/ISERC/3576**
TO: **LINET GATWIRI**

Date: 04 April 2024

REG: **MBA/2023/39623**

Dear Sir/Madam,

RE: EFFECT OF STRATEGIC ALIGNMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF SELECTED MICRO FINANCE INSTITUTIONS IN MERU COUNTY KENYA.

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2620.** The approval period is **04/04/2024 - 03/04/2025.**

This approval is subject to compliance with the following requirements;

i. Only approved documents including informed consents, study instruments, MTA will be used
ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
v. Clearance for export of biological specimens must be obtained from relevant institutions
vi. 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
vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://research-portal.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

The Chairman
Mount Kenya University
Ethics Review Committee
P. O. Box 342 - 01000, Thika

Dr. Alfred Owino, PhD
Chairman, Mount Kenya University ISERC

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.
Cell: +254 709 153 000 | +254 709 153 200
Email: info@mku.ac.ke, Web: www.mku.ac.ke
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Appendix IV : Introduction Letter

Mount Kenya University

DIRECTORATE OF GRADUATE STUDIES

MBA/2023/39623

4th April, 2024

National Commission for Science Technology & Innovation (NACOSTI)
Off Waiyaki Way, Upper Kabete,
P.O Box 30623- 00100
NAIROBI, KENYA

Dear Sir/Madam,

RE: LINET GATWIRI – REGISTRATION NO. MBA/2023/39623

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**

The title of the research is **"Effect of Strategic Aligament Practices on Organizational Performance of Selected Micro Finance Institutions in Meru County Kenya."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **April 2024, and June 2024.**

Any assistance accorded to the student will be highly appreciated.

Thank you.

Mount Kenya University
P. O. Box 342 - 01000, THIKA
Office of the Director
Graduate Studies

Dr. Samuel M. Karenga, Ph.D.
Director, Graduate Studies
Enc.

Appendix V: Field entry authorization

OFFICE OF THE PRESIDENT
MINISTRY OF INTERIOR AND NATIONAL ADMINISTRATION
STATE DEPARTMENT FOR INTERNAL SECURITY AND NATIONAL ADMINISTRATION

Telegrams:
Telephone:
Email: ccmeru@yahoo.com
Fax:

COUNTY COMMISSIONER
MERU COUNTY
P.O BOX 703-6020
MERU

When replying please quote
Ref: ED.12/3/VOL IV/146
and Date: 19th April, 2024

TO WHOM IT MAY CONCERN

RE: RESEARCH AUTHORIZATION - LINET GATWIRI

This is to inform you that **Linet Gatwiri** ID. No.**34426054** of Mount Kenya University has reported to this office as directed by the National Commission for Science, Technology and Innovation and will be carrying out research on **"Effect of Strategic Alignment Practices on Organization Performance of Selected Micro Finance Institutions in Meru County Kenya".**

Since authority has been granted by the said Commission, and the above-named person has reported to this office, she can embark on her research project for a period ending 3rd April, 2025.

Kindly accord her the necessary assistance she may require.

BETTY KINANDA
FOR: COUNTY COMMISSIONER
MERU COUNTY.

Appendix VI : Similarity

EFFECT OF STRATEGIC ALIGNMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF SELECTED MICRO FINANCE INSTITUTIONS IN MERU COUNTY KENYA.

by LINET GATWIRI

Submission date: 21-May-2024 02:13PM (UTC+0300)
Submission ID: 2311275940
File name: Linet_project_final_1_1_.docx (318.52K)
Word count: 20176
Character count: 123748

EFFECT OF STRATEGIC ALIGNMENT PRACTICES ON ORGANIZATIONAL PERFORMANCE OF SELECTED MICRO FINANCE INSTITUTIONS IN MERU COUNTY KENYA.

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