

**CONFLICT MANAGEMENT STRATEGIES AND ORGANIZATIONAL
PERFORMANCE**

(A SURVEY OF MICROFINANCE INSTITUTIONS IN NAIROBI)

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DECLARATION

Declaration by the Student

I, M'mbwanga Maureen Maresi, declare that this thesis is my original work and has not been presented for a degree or any other award in any other university.

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DEDICATION

I dedicate this research thesis to my beloved husband Mr. Winston Saisi and our children Melina Joy, Christian Wonder and Katriel Divine. I also dedicate it to my beloved parents Mr. Stanley M'mbwanga Kibunja and Mrs Beatrice M'mbwanga, my parents in law the late Mr. Joash Endege and Mrs. Benina Vihenda Endege and all my siblings for their unending support throughout this journey. Thank you so much and may God richly bless you.

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In Memory of my Second Supervisor the Late Mrs. Elizabeth Were. I acknowledge her professional guidance, encouragement and support throughout my research. May her soul rest in peace.

ABSTRACT

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

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ABBREVIATIONS AND ACCRONYMS

CBD	Central Business District
CMS	Conflict Management Strategies
KCB	Kenya Commercial Bank
MFI	Microfinance Institution
SACCO	Savings and Credit Co-operatives
SPSS	Statistical Package for Social Sciences

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management may be defined as a science and an art of execution, formulation, and evaluation of decisions that are cross-functional making it possible for a firm to achieve its desired objectives (Ajike et al., 2015). It consists of formulation of the firm's objectives, implementation, and controlling cross-functional decisions aimed at achieving those objectives both presently and in futuristic environments. Strategic management process could, generally, be subdivided into three phases namely, the formulation phase, the execution phase and the evaluation and monitoring phase (Certo & Peter, 2001).

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

Conflict is an inevitable part of living for the reason that it relates to situations where resources are scarce, where there is need for functions' division, role-differentiation and power relations (Azamosa, 2004). Many a time conflict results to stress, which leads to less than optimal satisfaction for the employees (Bashir, 2010). This reduced satisfaction may result to higher absenteeism rate and high turnover rates. Conflict may also erode trust on

fellow employees and even supervisors and seniors, which can dent or completely halt the project execution progress. The collection of internal consequences that are negative, such as slowed progress and lost trust, could generate a negative impact on the satisfaction of customer as a result of failure to meet deadlines for service delivery and service quality that is below the expected standards (Dontigney, 2012).

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

According to Boulden (2003) conflict management strategy (CMS) is the process that involves blocking out the negative aspects of conflicts while at the same time pronouncing more the positive aspects of the same conflict by use of styles and techniques in managing conflict between individuals or between groups. Management of conflict includes executing tactics to suppress the deleterious elements of the conflict while at the same time pronouncing more the aspects of conflict that are positive at the same or greater level compared to where conflict occurs, the main management intention with regard to conflict concerns improving performance and efficacy of organizations (Rahim, 2002). Its main concern is not avoiding or eliminating all conflicts. According to Gordon (2004), the concept of conflict management has more often than not been linked to containment and settlement of conflict. The containment and settlement of conflict concerns the activity of handling and identification of conflict in a manner that is sensible, efficient and fair. The practice presupposes such skills as

problem solving, negotiating and adequate communicating with a clear concentration on welfares.

There exists different tactics and methods which could be put into use with a view to contain and settle conflicts within firms or institutions. Purkayastha and Chaudhari (2011) conceptualize these into five conflict management methods/styles: avoiding style, obliging style, compromising style, dominating style and integrating style. According to Zaidi (2012), the strategy of competition to resolution of conflict is an endeavour to complete success. The strategy entails a win/lose tactic, in which the winner acquires everything. Normally, the tactic places emphasis mainly on emerging from a conflict victorious no matter the expenses, instead of looking for the most appropriate solution considering the positions of all concerned parties. The second approach of dealing with conflicts is accommodation, which happens to be the opposite of competition strategy. This is a lose/win tactic. The third approach after accommodation approach is avoidance approach, where the two opposing parties of the conflict pull back. The tactic normally results in a lose/lose result in the containment and settlement of conflict for the reason that no one party possesses the capability to address the problem, leave alone managing or resolving the issue. The collaboration tactic is the fourth, one that is commonly taken to being the most adequate approach in dealing with the problem. The approach results in a win/win as no party is obligated to let go of their preferred positions.

On the contrary, both parties come together to honestly find common and new platforms. The type of problem resolution needs an environment of mutual respect, openness and trust, the uncovering of hidden agendas-if any, and real willingness by both parties to reach a resolution on the conflict. The next and final approach is the compromise conflict resolution method. It incorporates negotiation and a significantly higher degree of flexibility. It is called

a win/lose position because both sides that are conflicting will achieve a fraction of their desire and let go of the rest (Burnside, 2008).

According to Hotepo (2010), conflict could be resolved in many different ways, some paying attention to structural changes and others having a focus on interpersonal relationships. Conflict management aimed at constructive action seems to be the best approach in the resolution of conflict in any organization. Should there be conflict, it is critical to be in a position to manage them in the best way possible, so as for it to be transformed into a positive, as opposed to being a negative force, which will be seen as a threat the individuals or groups.

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

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

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

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

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

The major findings of a study by Abdul and Sehar (2015), on Conflict Management and Organizational Performance, done at Askari bank limited, were that the opinion of respondents on strategies used to manage conflict was not affected by education. On the same breadth, there was no significant difference between the opinions by male and those of female respondents about the ignitors of conflict. There was, however, significant effect of conflict on the performance of the bank.

A research study by Kazimoto (2013) in Japan analysed the elements of the process of managing conflict, leadership organizational change and the benefits that accrue from proper management of conflicts. The research study concluded that approaches of leadership were very key factors in management of conflicts. Miao et al.(2010) found out that conflict within relationships had a bigger learning achievement impact as compared to conflict regarding process.

Within the African continent, Hotepo (2010) found that reduced resources were a significant cause of conflict and that conflicts in organizations had both positive and negative effects on the performance of organizations, but if and when properly managed, the positive effects could be utilised to improve and encourage organizational innovativeness and create an environment for cooperation among the employees. A study by Adomi and Anie (2006) revealed that most of the respondents felt that conflict was positive and that it could be enthused by executives of libraries. Conflicts of interpersonal nature were further revealed as the most common conflicts occurring among libraries in Nigeria, and that as a conflict avoid anctactic, accommodation strategy ranked top.

A study by Asokere et al. (2010) investigated how organizational conflict affects performance of organizations. This was done by investigating the ignitors, kinds, reason and methods of conflict management in specific service institutions within Nigeria, at the intention of bringing out methods aimed at enhancing their productivity as well as performance.

In the Kenyan context, Jenifer et al. (2017) discovered that strategies of managing board conflict were crucial in conflict resolution conflict in state corporations and within the board of directors. After resolving a conflict, the research study discovered that organization performance changed by 7%. Olang (2017) reached a conclusion that negotiation strategy and

third party interventions had a statistical significance. The research study reached a conclusion that there was a good conflict resolution strategy put in place.

A research study by Muriuki et al. (2017) sought to make an exploration of how corporate governance influenced performance of Kenyan state corporations moderated by board strategies of managing conflict. The study used a survey research design. Data was gathered from 375 respondents with an achievement of 82.4% response rate. Data was analysed by use of SPSS. Linear regression model was made use of to make a determination of the relationship between corporate governance and performance of state corporations. The study findings discovered that board strategies of managing conflict were crucial factor in conflict resolution among board members and in state corporations. After conflict resolution, the study uncovered that the performance of state corporations changed by 7%, for the better. The researcher recommended the use of negotiation, mediation and arbitration strategies in reaching resolutions to conflict in the state corporation for the efficient and effective delivery of services.

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

Momanyi and Juma (2016) did a research study on how strategies of managing conflict affect employee satisfaction at Kenya Commercial Bank Kenya limited. The study uncovered that the bank faced the challenge of difference in culture and faith, challenge of personal differences, various means of conflict containment and settlement, drawback of crucial competencies related to dealing with challenging situations as well as people, drawback

relating to changing environment, drawback regarding competing for essentials that have scarcity, the drawback of establishing structure for methods of consensus, drawback relating to then discourse of cooperative and the change challenge. The study further revealed that the bank made use of the approaches of competing, avoiding, accommodating, compromising, and collaborating at different degrees.

1.1.1 Microfinance Industry

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

In Nairobi, there are about forty-three MFIs that are headquartered in Nairobi. In addition to the head office, they have other branches both within Nairobi and other cities and towns of the country. The MFIs serve not less than 6.5 million customers from poor and middle class families. MFIs within Kenya's capital, Nairobi, range from small to large small institutions with varying legal status ranging from Development Institutions to retail MFI's to wholesale MFI's to microfinance banks, which represent the whole of Kenyan microfinance industry (Association of Microfinance Institutions, [AMFI]2015).

1.1.2 Organizational Performance

The traditional way of enhancing organizational performance has revolved around past performance assessment and reward allocation. That is, prizes are given as a way of appreciating good performance. Inevitably, the enhancement of employees' performance has an immediate management interest. As such, achievement is typecast as having no personal value or interest to individuals that are executing the task. Achievement is also a prize. Several minor every day gestures exist which give a lending to improving the performance of employees. There is importance in the company choosing the best performance measure both for the company in general as well as all persons inside it. Singular indicators are not likely to bear robustness adequately. According to Kaplan and Norton (1992), the combination of indicators that a firm opts for with a view to measure performance of its employees ought to be grounded on four various standpoints: Internal business measures; customer measures; financial measures, and; innovation and learning perspective.

Financial measures include growth of sales, market share, profits, and cash flow. Customer measures include customer viewpoint, which entails, for instance, product quality, and service quality and delivery time. Internal business measures include employee skills, productivity, and cycle time and turnover of labour. Learning and innovation perspective include such attributes as capacity to improve and innovate. The emphasis ought to be placed on the achievements; outcomes are the ones that matter most.

1.2 Statement of the Problem

Any manager who intends to drive their organization safely and successfully into the future needs a strategy. A clear strategy increases the chances of achieving success. Management strategies are a set of techniques for controlling and directing an organization to achieve its

objectives and goals. In the course of business conflicts may occur. This may hinder the realization of the organizational objectives and goals. Some of the approaches/strategies used to manage conflicts include: accommodating, dominating, compromise and collaborating. The financial sector has been generally doing well. Commercial banks have been leading microfinance institutions and savings cooperatives. This begs the question, what do commercial banks do that MFIs do not? A possible answer could be on strategic management, hence this study.

Sammy (2016) did a study on the influence of implementation of strategies of conflict management on performance of employees at Kenya Power. The study employed descriptive research design focusing on only one company. The research found evidence of a notable association between accommodating strategy and company performance. A study by Olu and Dupe (2012) investigated how the management of conflict impacted how employees performed with reference to Power Holding Company of Nigeria (PHCN). Utilizing descriptive research design, the research found an association between dominating strategy and company performance. However, a gap exists in that the study was done outside of Kenya and outside of the financial sector.

Omweri (2013) found that compromising tactic was mirrored in behavior which was midway in co-operation as well as assertiveness. A gap exists in that the study was done long in the past. Momanyi and Juma (2016) did a survey on how strategies of conflict containment and settlement affect the satisfaction of employees at Kenya commercial bank Kenya limited. Employing qualitative and quantitative research design, they found a significant relationship between strategies of conflict management and satisfaction of employees. The study, however, failed to consider MFIs. The study seeks to fill the gaps in the various mentioned studies by considering MFIs in the Kenyan financial sector, considering a descriptive survey descriptive research design and getting more current data from more current period. The

research study seeks to find out if accommodating, dominating, compromise and collaborating strategies affect performance of MFIs. This study, therefore sought to assess the how conflict management strategies influence performance in MFIs in Nairobi County.

1.3 Purpose of the Study

The overall aim of the research was to find out if there existed a relationship between conflict management strategies and organizational performance in Microfinance Institutions in Nairobi. If there existed any, the study aimed to show and explain it.

1.4 Objectives of the Study

The following objectives were set out to be realized:

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

1.5 Research Questions

The study aimed at answering the following research questions:

- i. What is the effect of accommodating strategy on organizational performance in Microfinance Institutions in Nairobi?

- ii. How does dominating strategy affect organizational performance in Microfinance Institutions in Nairobi?
- iii. What is the effect of compromise strategy on organizational performance in Microfinance Institutions in Nairobi?
- iv. How does collaborating strategy affect organizational performance in Microfinance Institutions in Nairobi?

1.6 Significance of the Study

The findings of this study will be of significance to various parties. These include managers of MFIs, managers of other related institutions and businesses, regulating bodies and researchers and scholars.

The research outcomes will enable MFI Managers understand how conflict management may help improve the performance of their institutions. They will learn, from the findings of the study, on the best strategies to employ when faced with different situations that could bring about conflicts in the organisation.

Managers of other related institutions and businesses such as banks and Savings and Credit Cooperatives (SACCO's) will also learn by knowing the importance of conflict management in their various institutions. They may then learn to tell good conflicts from bad ones. They can take advantage of the good ones and avoid or solve fast the bad ones before they go too far.

The research outcomes will further enable the regulating authorities of MFIs comprehend the importance of proper conflict management. This will help them develop policies to help in conflict management in the MFIs. This will ensure that the regulating authorities learn on best way to reduce conflicts between them and microfinance institutions and formulate

policies that will reduce, if not eliminate, conflict between microfinance institutions and depositors.

The research outcomes will also offer a reference material by adding to the already extant body of knowledge on conflict management and MFIs.

1.7 Limitations of the Study

The research was likely to face various limitations. The first limitation was the inability to include all MFIs within Kenya in the study. This limitation was countered by conducting the study in Nairobi, where most MFIs are headquartered and being the city with the highest number of significant MFIs within Kenya.

Respondents may not be in a position to help give the required data by filling the research questionnaire. This limitation was overcome by giving prior notice to identified respondents. This was to ensure that the respondents were aware beforehand so as to find time to do the questionnaire filling.

1.8 Scope of the Study

The study concentrated on how strategies of conflict management affected performance of MFIs' performance. The research study aimed to find out how conflict management strategies affected the performance of microfinance institutions that operated within the county of Nairobi. Geographically, the study was done within Nairobi. The target population of the study consisted of heads of departments in the MFIs that operated within the County of Nairobi. The research was carried out from May 2019 to September 2019.

1.9 Definition of Terms

Accommodating strategy	Involves reducing to the lowest level possible the real or perceived contentions while paying attention to the other's views of the situation, (Eisenhardt et al., 2012).
Collaborating strategy	Consists of dealing with conflict containment and settlement in a way that everyone gets their desire (Clerkin & Jones, 2013).
Compromise strategy	This strategy is based on the foundation of the take and give procedure and could entail concession (Omweri, 2013).
Conflict	Sum total of antagonistic interactions and kinds of opposition, (Armstrong, 2009)
Conflict Management Strategy	The process of suppressing the negative aspects of conflict while promoting the positive aspects of conflict by use of styles and techniques in managing conflict between individuals or between groups (Boulden, 2003).
Dominating strategy	Consists of the application of force to override other groups or parties with a view to put pressure on them to see and accept the situation from your view. Dominating strategy is also known as Competing strategy, (Mooney et al., 2007).
Strategic Management	Science and art of execution, formulation and evaluation of decisions that are cross-functional making it possible for a firm to achieve its objectives and goals (Certo & Peter, 2001).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with a review of literature pertaining to the study. It includes the following: Theoretical review; Empirical review; Conceptual framework; Operationalization framework, and; Summary and gaps.

According to Boulden (2003) conflict management strategy (CMS) is the process that involves blocking out the negative aspects of conflicts while at the same time pronouncing more the positive aspects of the same conflict by use of styles and techniques in managing conflict between individuals or between groups. Management of conflict includes executing tactics to suppress the deleterious elements of the conflict while at the same time pronouncing more the aspects of conflict that are positive at the same or greater level compared to where conflict occurs, the main management intention with regard to conflict concerns improving performance and efficacy of organizations (Rahim, 2002). Its main concern is not avoiding or eliminating all conflicts.

Management and resolution of conflict involves utilising certain strategies to do away the unwanted aspects of the conflict, improve the wanted aspects of conflict and to increase organisation's performance and effectiveness. Instead of doing away with or keeping off disagreements, the intention of management of conflict is to create awareness on skills of resolving group conflicts, such as management of conflict, finding self-awareness concerning the types of conflict and effective communication when in conflict with other team members. These skills help teams in achieving positive results from situations of conflict. The practice of recognizing and resolving disputes in a balanced, rational and effective way, Conflict resolution implemented within an environment of business usually involves communication that is effective, ability of solving problems and good negotiating skills to avoid derailing the

focus of the objectives of the organisation. Conflicts may arise between employees as a result of differing styles in communication, cultural backgrounds and religious and political views. Conflict may arise within groups as a result of disagreements amongst subgroups, and conflict may arise between groups as a result of rivalry or competition for resources.

All organisations that employ people regardless of the industry they are in or their size always experience conflicts at both personal and organizational levels. These conflicts are as a result of many inter-related circumstances and variables. For instance, some of these causes could include consistent changes in the competitive environment, leading to diversity among different employees, and limited resources. Due to these changing variables conflict management is crucial in a number of ways. First, it is crucial because conflict that is not managed can have dear legal consequences as people go to court of law as a way to resolve disputes. Second, managing conflict is crucial because high level of unwanted conflict can lead to employee dissatisfaction and expensive turnover as well as reduced productivity. Finally, management of conflict is crucial because when done well it can become a catalyst for creativity and innovation as well as organizational learning. It can be used as a strategic advantage as a company becomes a learning organization capable of benefiting from different points of views. Employees of a learning organization feel free to air their opinions and make suggestions that may result to improvements without the fear of conflict.

There exists different tactics and methods which could be put into use with a view to contain and settle conflicts within firms or institutions. Purkayastha and Chaudhari (2011) conceptualize these into five conflict management methods/styles: avoiding style, obliging style, compromising style, dominating style and integrating style. According to Zaidi (2012), the strategy of competition to resolution of conflict is an endeavour to complete success. The strategy entails a win/lose tactic, in which the winner acquires everything. Normally, the tactic places emphasis mainly on emerging from a conflict victorious no matter the expenses,

instead of looking for the most appropriate solution considering the positions of all concerned parties. The second approach of dealing with conflicts is accommodation, which happens to be the opposite of competition strategy. This is a lose/win tactic. The third approach after accommodation approach is avoidance approach, where the two opposing parties of the conflict pull back. The tactic normally results in a lose/lose result in the containment and settlement of conflict for the reason that no one party possesses the capability to address the problem, leave alone managing or resolving the issue. The collaboration tactic is the fourth, one that is commonly taken to being the most adequate approach in dealing with the problem. The approach results in a win/win as no party is obligated to let go of their preferred positions.

2.2 Theoretical Review

The research was underpinned by three theories. These included the Contingency Theory, Stakeholder Theory and Human Relations Management Theory.

2.2.1 Contingency Theory

Contingency theory relates to leadership. It was formulated by an Austrian psychologist Fiedler (1964). It puts emphasis on the criticality of the situation in which the leader operates as well as that leader's personality. This institutional theory intimates that there lacks one overriding way to lead a company or take pertinent decisions. On the contrary, the best approach is hinged on the external as well as internal constraints which include the managerial assumption about their employee, the size of the company, how its adapts to its environment, differences among resources and operation activities, strategies and technology used.

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

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

2.2.2 Stakeholder Theory

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

In more recent business models, an organization transforms the inputs of investors, suppliers and employees into forms that are saleable to clients, thus returns back to its investors and shareholders. This model pays attention to the needs of shareholders/investors, suppliers, customers and employers. With regards to the above scenario, stakeholder theory postulates that the parties involved should include political groups, governmental bodies, trade associations, trade unions, associated corporations, prospective employees, communities and the public in general. This theory has marshalled currency because researchers and scholars

have realized the actions taken by a company have an impact on its external environment. These actions need accountability of the whole company to a more sophisticated and wider and audience than just the shareholders (Coleman, 2008).

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

2.2.3 Human Relation Management Theory

Proposed by Mayo (1933), human relation theory analyses how social associations, employee satisfaction and motivation affect efficiency in the factory. Mayo stressed on the natural groups' power, where social aspects are prioritized at the expense of operational firm arrangements, the requirement for a shared two-way bottom-up communication and the setting up of high leadership quality so as to inform about objectives and goals and to make sure of decision making that is coherent and effective.

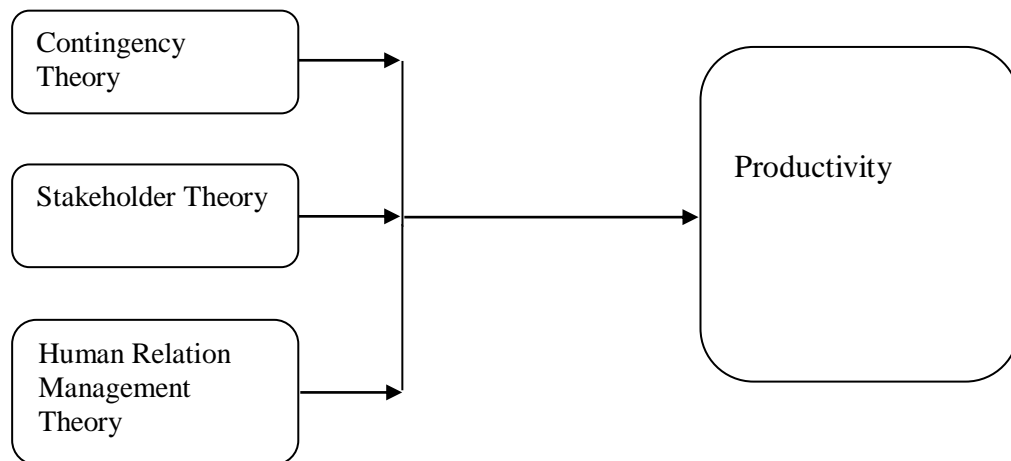
Organizations require that their employees be in a position to successfully relay information, have the ability to construe colleagues' sentiments, have sensitivity to colleagues' emotional state, and arrive at resolutions and solve conflicts since the theory identifies not strife as a power that is creative. Through having the competencies, the management level staff and clients have the ability to sustain relationships that are better and well-matched. Among the strategies for conflict containment and settlement are connected to the theory, in which incorporating tactic seeks to contain and settle conflict through a mutual conveyance of information and it indicates apprehension for both other employees and self. The notion of

conflict is further perceived as a problem or bad similar to avoidance strategy. This theory links to the first objectives which is on accommodating strategies.

Figure 2.1 shows a summary of the theories through the theoretical framework.

Figure 2.1:

Theoretical Framework



2.3 Empirical Review

This section examines comparable researches conducted by other scholars in the area of strategies of managing conflict. This section discusses the variables used in the study.

2.3.1 Accommodating Strategy and Organizational Performance

Accommodating includes reducing to the bare minimum or pressing down any differences, whether perceived or real, while paying attention to opposing party's standpoints about the same issue. An executive who employs the accommodating tactic of conflict containment and settlement pays attention to the opposing parties' plight as compared to their own. According to Schermerhorn (2000), an individual that utilises the accommodating tactic in conflict containment and settlement appears as assertive but co-operative. The individual gives in to the other party's desires, overlooking or smoothing over the differences so that they can

maintain harmony. Accommodation leads to establishing a good association between parties and a lose-win solution. According to Eisenhardt et al. (2012), the relationship is made when conflicting parties petition to cooperate and endeavour to lessen stress and tension through giving support and reassurance to the opposing party's standpoint.

A study by Adomi and Anie (2006) revealed that most of the respondents felt that conflict was positive and that it could be enthused by executives of libraries. Conflicts of interpersonal nature were further revealed as the most common conflicts occurring among libraries in Nigeria, and that as a conflict avoidance tactic, accommodation strategy ranked top. Ajike et al. (2015) did a research study that examined how among banks in Nigeria, with reference to Access Bank public limited company, organizational performance is affected by conflict management. A total of 81 individuals were sampled for the study. SPSS was used to do descriptive and regression analysis to assess the association between bank performance and conflict containment and settlement. The findings uncovered a positive and significant association between conflict containment and settlement and organizational performance. They made recommendations that management come up with different but appropriate strategies that will bring about resolutions and management of conflicts at the time of their occurrence before they grow higher within the bank. A gap exists in that the study was done in Nigeria and in commercial bank. This research study will fill the gap by being done in Kenya and considering microfinance institutions.

Sammy (2016) explored how the execution of tactic of conflict management on the achievement of employee sat Kenya Power. Descriptive research design was adopted by the study. The research study targeted 1055 respondents. The study's sample size comprised of 290 respondents. The sample was composed of 268 support staff, 11-line managers and 11 senior managers and arrived at by utilizing simple judgemental sampling as well as simple random sampling design. A pre-test was conducted to ensure validity and reliability. The

research sought the supervisor's perspective with a view to ensure research instruments 'content validity. Data was analysed using SPSS (20.0). The study reached conclusion that there was a relationship between strategies of managing conflict strategies and performance of employees and that the popularly used strategies were avoiding, obliging and integrating strategy and it was advisable for the company to highlight and make use one or two strategy so that objectivity is observed. The study made recommendations that efforts be put by the management to arrange for workshops and seminars on how companies can manage conflicts, regularly for employees and also that the management the company make sure that they have clear policy on their conflict containment and settlement strategies which oversee staff in the company and pick at least one specific strategy that is deemed suitable for the company's conflict management. Regular research be done in order to gain an understanding of what other companies do in case they have conflicts. A gap exists in that the study did not consider microfinance institutions. By conducting the study on microfinance institutions, this research set out to address the gap.

2.3.2 Dominating Strategy and Organizational Performance

Dominating approach is linked with high self-concern and low concern for the other party, whereby one opposing side of the conflict sets out to succeed their goal and, consequently, always fail to consider the anticipations and plight of the second side (Mooney et al., 2007). Here each party strives to gain at other's expenses. In extreme cases, one party achieves its desire to exclusive of other party's want. This strategy should be implemented in an organization when relationship among employee is not important and he further said that when employees are not in good terms with one another they tend to concentrate with what they are doing, and never spend much time in gossip or talking, as a result conflicts are reduced and strikes caused by incitements are hard off, as a consequence employee performance becomes splendid with high growth in the organization. Rahim (2011)

concluded that this strategy has patronizing apprehension for self and little apprehension for other.

According to Schermerhorn (2000), this competing approach (also referred to as dominating tactic) includes application of various kinds of power including force to control and/or dictate the opposing party or individuals so as to put pressure on the party to agree to town standpoint. It includes refusing to co-operate but being self-assured, aiming at negating the other party's desires and being involved in win/lose competitions and/or coercing by way of practice of power. Competitors, general, have low or little apprehension towards own plight. Competitors are normally interested in imposing own desires and always very reluctant to co-operate. Dominating tends to be a style oriented towards power. For one to use it with success, they ought to possess adequate authority and power to coerce their determination on the opposing party or individuals. An individual like that may possess the authority since they rank highly in the hierarchy of the organisational and hence they have greater power compared to others. They may possess important dominion over key capitals including budgets, important knowledge, personnel or connection to powerful individuals (Clerkin & Jones, 2013).

A study by Olu and Dupe (2012) investigated how conflict management affects performance of employees in a public institution with reference to PHCN. The study used survey type of research design. The study used a sample of 100, arrived at by use of stratified sampling technique. Questionnaires were utilised to gather primary data. Collected data were analysed by use of descriptive statistics. Regression analysis and correlation coefficient were used to test the research hypotheses. The findings showed that effective conflict management improved performance of employees and that a company's system of conflict management influenced the performance of employees in the company. It was recommended that organisations should endeavour to train and retrain its staff in area of management of conflict

so as to create a working environment that is conducive for staff and that there ought to be effective and efficient communication among and between all the different categories of the employees of the company so as to reduce conflicting situations in the company. The study was conducted outside of Kenya and in the public corporation, presenting a gap which the research set out to address by considering Kenya and the privately owned companies (the MFIs)

2.3.3 Compromise Strategy and Organizational Performance

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

A paper by Mba (2013) examined how conflict management affects performance of employees' in Julius Berger Nigeria public limited company. It viewed conflicts in a company as a dispute that arose whenever values, goals or interests of different individuals or groups were not compatible with each other. The research questions paid attention to the degree of the association between strategies of conflict management and performance of employees and management/employee perception of how effective conflict management approaches in the company were. A descriptive research design was employed in carrying out the study using a purposely selected sample of 50 respondents made up of 50% non-managerial employees and 50% managerial employees of the company. The main aspect of the research study was the utilisation of cross sectional survey research design in collecting

the needed primary data. Collected data was analysed by use of inferential and descriptive statistics. Findings from the analysed data showed that there was a significant relationship between strategies of conflict management and performance of employees and no there was no difference between non-managerial and managerial employees' perception of how effective different approaches to management of conflict were. The study was done outside of Kenya and more than five years ago presenting a gap which the research set out to address. This will be done by using more current time period and using data from Kenya.

A study on conflict containment and settlement approaches taken up by Kenyan commercial banks was done by Edwin (2013). The purpose of the research was to establish conflict management tactics applied by Kenyan commercial banks and to find out the challenges of conflict management faced by commercial banks in Kenya. The study employed descriptive research design. The study had a target of 43 banks in Kenya. The main data collection instrument of the study was questionnaires. SPSS was utilised in the data analysis. The findings of the study revealed that commercial banks used strategies of compromising, accommodating, competing, avoiding and collaborating. The most popularly approaches were avoiding and collaborating. The findings also showed that the banks faced challenges of changing environment, personal differences, difference in faith and culture, varying methods of managing conflict, critical skills related to dealing with difficult situations and people, competition over resources that are scarce, the creation of structure for the process of consensus and cooperative discourse. The most common challenge was that of competition over scarce resources. A gap in this study is that the study considered commercial banks only. This research study will fill the gap by considering MFIs.

2.3.4 Collaborating Strategy and Organizational Performance

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

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

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

Factually speaking, each of the approaches have many outcomes on the behaviour of managers and organisation. Indeed, using accurate approaches lead to organizational development organisation and leads job satisfaction among employees. Among the

employees, consciousness on the appropriate tactic provides an appropriate environment for operating and minimises negative emotional state towards tasks (Wooldridge et al., 2008).

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

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

study was done on commercial banks which leaves a gap as far as MFIs are concerned. This research study will, therefore, fill the gap by considering MFIs.

2.3.5 Organizational Performance

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

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

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

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

The research in addition investigated participants' individual attributes, their standpoints concerning conflict prevalent across service sector, staff classes they have had conflicting experience against, kinds of conflict undergone and the causes, issues that brought about the conflicts across the service sector, together tactics towards conflict containment and settlement in organizations to better organization's productivity and performance. The study's significance lied in its results enabling service sector executives acquire deep insights

regarding the reasons for conflict as well as ways of containment and settlement of service sector conflict in Nigeria and beyond Nigerian borders. It was intended that the research generates results which would improve the comprehension of the notion of conflict as well as how the concept has been contained and settled in the Nigerian service sector. The study was done outside of Kenya and did not consider microfinance institutions. The present research sets out to fill the gap by considering microfinance institutions in Kenya (Asokere et al., 2010).

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

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

management and also promote interpersonal relationships among staff and employees so as to boost their morale.

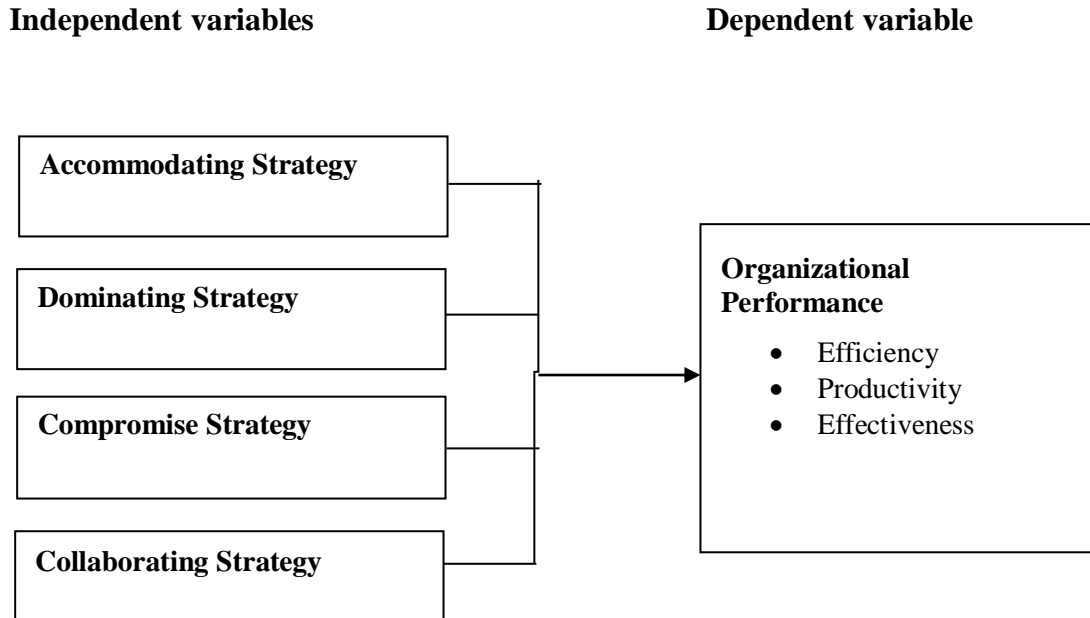
A research study by Muriuki et al.,(2017) sought to make an exploration of how corporate governance influenced performance of Kenyan state corporations moderated by board strategies of managing conflict. The study used was a survey and employed data with 375 participants with an achievement of 82.4%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

2.4 Conceptual Framework

The conceptual framework elucidates the association between the predictor factors (accommodating strategy, competing/dominating strategy, compromise strategy and collaborating strategy) and the outcome factor (organizational performance). The conceptual framework is summarised and presented on Figure 2.2.

Figure 2. 2:

Conceptual Framework



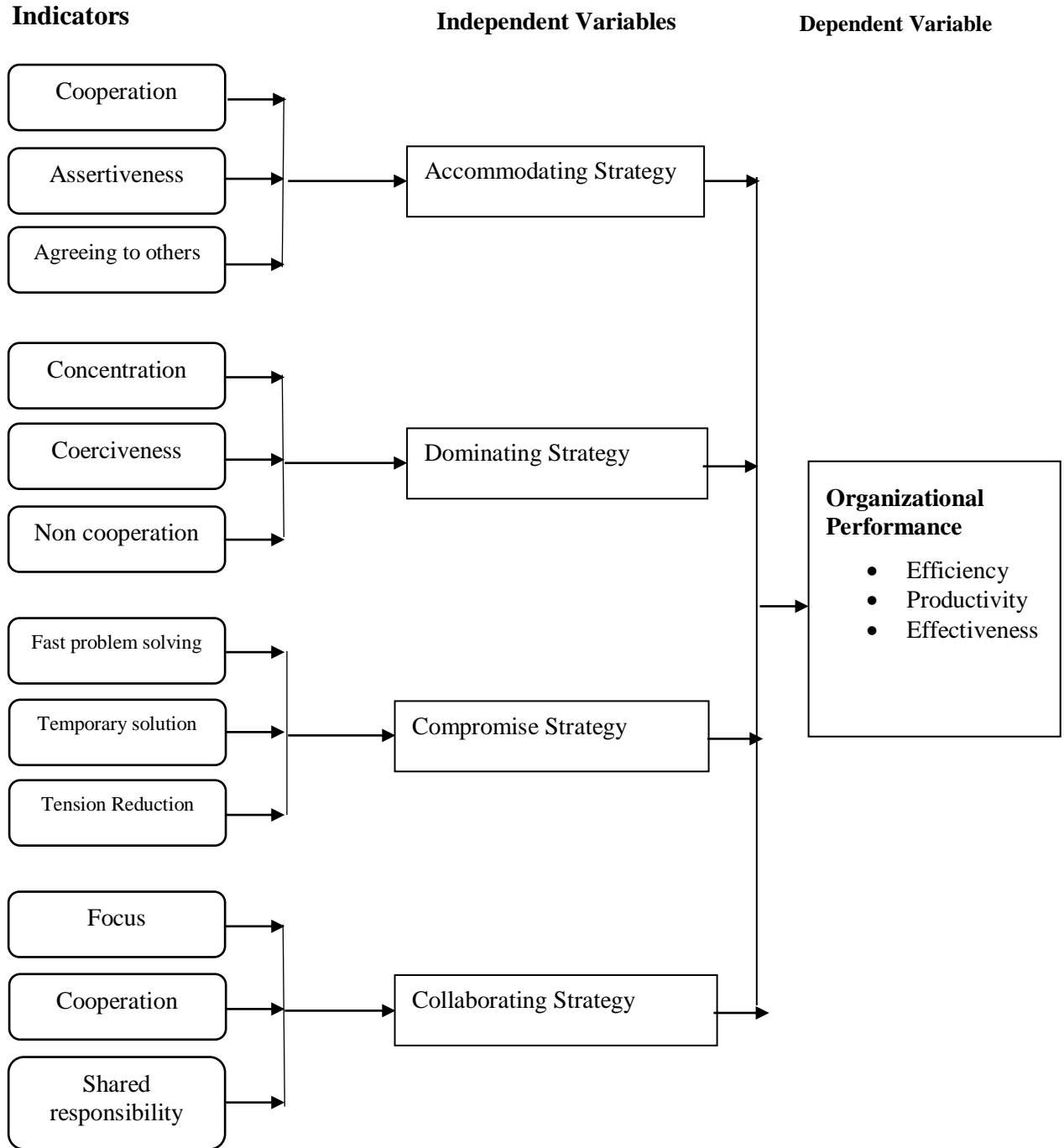
Accommodating strategy ensures that all everybody’s ideas and feelings are taken into consideration hence motivating people to do their best. This improves organizational performance. Dominating strategy affects organizational performance by ensuring that only views that lead to the desired results are considered, hence affecting organizational performance. Compromise strategy brings everybody on board thus creating an impression that everybody is important. This will more likely than not have a positive effect on the organizational performance. Collaborating strategy would ensure that the conflicting parties work together in finding solutions to the conflict. This will more likely than not positively impact organizational success.

2.5 Operationalisation Framework

The operationalisation shows the parameters that were employed to measure the independent variables. It is shown in Figure 2.3.

Figure 2.3

Operationalization Framework



Accommodating strategy ensures that all everybody’s ideas and feelings are taken into consideration hence motivating people to do their best. This improves organizational

performance. The parameters used to measure accommodating strategy included cooperation, assertiveness and agreeing to others. Use of the parameters ensure that everyone's feelings and ideas are considered hence feel like part of the organization and work towards achievement of the organization goals. Dominating strategy affects organizational performance by ensuring that only views that lead to the desired results are considered, hence affecting organizational performance. The parameters used to measure dominating strategy included concentration, coerciveness and non-cooperation. The parameters are used to influence people to look at conflict in terms of the strategic goals of the organization. They also influence people to work in a way that those goals will be achieved.

Compromise strategy brings everybody on board thus creating an impression that everybody is important. This will more likely than not have a positive effect on the organizational performance. The parameters used to measure compromise strategy included fast problem solving, temporary solution and tension reduction. The parameters help arrive at a common ground in cases of conflict. Arriving at common ground ensures that conflicts have minimal or no negative effect on strategic goals of the organization. Collaborating strategy would ensure that the conflicting parties work together in finding solutions to the conflict. This will more likely than not have a positive effect on the organizational performance. The parameters used to measure collaborating strategy included focus, cooperation and shared responsibility. These parameters help individuals see their role in helping the organization achieve its strategic goals. They, therefore, bring about the importance of collaborating strategy in achieving strategic objectives of the organization.

The dependent variable in the study is organizational performance. The parameters used are efficiency, productivity and effectiveness. Strategically, organizations will have desired goals. For the goals to be achieved, the organization has to ensure that, through efficiency, staff do what they are supposed to do. They also have to ensure that, productivity, staff

efforts are bringing forth something to the organization. It is also imperative that they also ensure, through effectiveness, staffs produce what they are meant to produce. If all this happens, then the strategic goals of the organizations will be achieved.

2.6 Summary and Research Gaps

The chapter reviewed different literature related to conflict management and strategies used. The reviewed literature and studies include those done both within and outside Kenya. These researches were conducted in state corporations, public limited companies, and ministry of education and public universities among others.

Studies showed that avoidance strategy positively affects employee performance. Most research studies deduced a linkage between accommodating strategy and employee achievement. On competing/dominating strategy, the findings showed that effectiveness in conflict management led to an improvement in performance of employees and that an organization's system of conflict management influenced the performance of employee in the organizations. Compromise strategy was identified as significantly impacting staff performance of employees. Findings on collaborating strategy indicated that there existed a positive correlation with performance of organizations.

A few gaps existed from the reviewed literature. The first gap was that very few studies on strategies of managing conflict had been done in Kenya. This study sought to fill the gap by considering Kenya. Another gap was that of the few studies that have been done in Kenya, even though some have considered commercial banks, very few thus far have considered MFIs. This study set out to fill the gap by paying attention to MFIs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The present section examines research design adopted, targeted population, the particular techniques employed in sampling, the sample arrived at, the research tools, sampling frame, pilot test undertaken for pre-test purposes, gathering of data, data analysis and processing.

3.2 Research Design

Kootsra (2013) posit that research design denotes the general approach scholars opt to apply the various aspects of a research coherently and logically, thus, ensuring that the research problem is addressed in a manner that is effective; it includes the blueprint for how research data will be collected, measured, and analysed. The research opted for a descriptive survey as it would make it possible for the researcher to track the activities of research and ensuring that the eventual research aims are realized (Rumsey, 2012). Descriptive design enabled the researcher not only give an account of the results but as well evaluating, analysing, associating and interpretation of the data. Sekaran (2012) argues that the descriptive survey sets out to establish the position on the ground without having a manipulation factor.

3.3 Target Population

Kootsra (2013) elucidates that a population denotes the entirety of individuals or entities that a study intends to apply the research results. This research targeted heads of departments of Micro Finance Institutions in Nairobi. Nairobi City has got 18 Micro Finance Institutions which are headquartered in the city. Micro Finance Institutions have got five very important departments with regards to conflict. They include Operations, Customer Service, Human Resource, Information Technology and Marketing. These departments were selected because they are the main pillars that deal with conflicts in the organization. The operation

department deal with conflicts arising between staff within the department. These staffs ensure that the end product which reaches clients is what was intended. Customer service department deals with conflicts involving customers. The human resource department deals with organization-wide conflicts arising between staff and those which relevant heads may not be able to handle. The information technology department deals with conflicts arising from use of technology resources within the institution. For the sake of this study, the researcher selected heads of department, of the five departments in each of the Micro Finance Institutions in Nairobi. This translates to five for each Micro Finance Institution, thus 90 for all Micro Finance Institutions (Table 3.1).

Table 3.1:

Respondents

Category	Population
Operations	18
Head of Department, Customer Service	18
Head of department, Human Resource	18
Head of department, Information Technology	18
Head of department, Marketing	18
Total	90

Source: Nairobi City County Registrar of Societies (2020)

3.4 Sampling Technique and Sample Size

This research study employed census in which every possible identified respondent was given questionnaires. Mba (2013), who employed census in his study, posits that in a census where every item is enumerated, no element of chance is allowed hence highest level of accuracy is achieved. Further, Sekaran (2012) argues that census technique makes it possible to achieve

as high degree of accuracy as possible, more than other sampling techniques. It gives complete information as a result of each and every item being investigated carefully. This implies that census sampling technique is a highly reliable data collection method. The study, therefore, used a sample size of 90. This is summarised and shown on the sampling frame on Table 3.2.

Table 3.2:

Sampling Frame

Head of Department	Population	Census
Head of department, Operations	18	18
Head of department, Customer Service	18	18
Head of department, Human Resource	18	18
Head of department, Information Technology	18	18
Head of department, Marketing	18	18
Total	90	90

Source: Nairobi City County Registrar of Societies (2020)

3.5 Research Instrument

According to Kootsra (2013), research tools may be seen to denote tools employed to gather data or the tactics utilised to gather the data. Primary data was gathered in this research through questionnaires. Rumsey (2012) further posits that research questionnaires ensure great levels of data normalization as well as enhanced utilization of information that is generalized for any population in research. Questionnaires come handy as it is necessary to get information easily and quickly through non-threatening means. The study made use of closed ended questionnaires with a five point Likert scale preferred for the reason that they

gave options of choices from which participants had to select their answer. This made the research questionnaires easy to analyse hence helped save time and cost.

3.5.1 Validity of the Instrument

Kootsra (2013) opines that validity concerns the degree at which a research instrument assesses that which it sets out to assess. The researcher confirmed research tool validity by discussing the tool with research supervisors who are experts in research.

3.5.2 Reliability of the Instrument

According to (2013) reliability may be defined as the degree at which consistent results are produced with the use of the same tool with a number of repetitive tests. In order to ensure reliability of the research instrument, a pre-test was done on supervisors of all Micro finance institutions in Nairobi who will not be involved in the actual study. The researcher gave questionnaires to at least one supervisor in each of the microfinance institutions. The respondents for the pilot test therefore came to 18.

Cronbach's alpha was calculated. Zinbarg (2013) posits that Cronbach's alpha refers to a reliability coefficient that yields unbiased estimates of data generalizability. An alpha coefficient of at least 0.70 or more implies that the data collected is reliable and has a relatively high internal consistency, therefore, reflects and that it can be used to generalized on the opinions of the target population as a whole (Zinbarg 2013). Therefore, a Cronbach alpha of at least 0.70 was taken to mean that the questionnaire is reliable.

3.6 Data Collection Procedure

The researcher made arrangements to and sent out the research questionnaires to the research study respondents. They, respondents, were then given three days to read through and fill the questionnaires. Finally, the research questionnaires were collected back for analysis. The

researcher exercised utmost control and care to make sure that as many questionnaires as possible sent out to the respondents were collected back. The questionnaires were administered by dropping them and collecting the dully filled ones later. Contact persons were used to make sure that as many questionnaires were filled as completely as possible and that as many questionnaires as possible were collected back for the reason of analysis.

3.7 Data Analysis and Presentation

According to Kootsra (2013), analysis of gathered information involves the systematic arrangement and searching of interview transcripts, notes, as well as other pertinent tools utilized in the field to gather information at the aim of improving their comprehension in a way that can be conveyed to audiences. After collection back of the questionnaires, they were checked for completeness and accurate recording of the responses from the respondents. The collected information was then coded, fed and later analyzed by the utilization of Statistical Package for Social Sciences version 24.0.

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

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

Y = MFI Performance

β_0 = Beta constant

β_1 - β_4 = Represent the regression coefficients

X_1 = Accommodating Strategy

X_2 = Dominating Strategy

X_3 = Compromise Strategy

X_4 = Collaborating Strategy

ε = the error term.

3.8 Ethical considerations

According to Gravetter and Forzano (2014), ethics has all to do with the researchers' responsibility being respectful and honest to all parties who are or may be affected by the research reports or studies from the findings of the research study. Achieving the trust and willingness of respondents to lend a supporting hand to the researcher's role is a critical step in the right direction. It is also a recognition of the importance of ethical values that ought to guide any research work (Orb et al., 2013). The researcher put into consideration ethical issues. The researcher made sure to obtain necessary authorisation, permission, and approvals before actual data collection. Furthermore, the participants' individual characters remain covered. Taking part in this research remained out of own volition with the liberty to opt out at own will. All collected data was specifically utilized for this specific research.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The chapter presents results analysed by both inferential and descriptive analysis of the data collected. The resulting discussions and interpretations of the study findings are also provided. The discussions and results are in accordance with the variables used by the study. The feedback on all the variable scales are based on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5. In the 5-point scale 5, 4, 3, 2, and 1 represented the above responses respectively. The chapter finally provides a model summary and inferences drawn from the model.

4.2 Findings

4.2.1 Pilot Test Results

The researcher did a pilot test before actual data collection. The results are shown on Table 4.1

Table 4.1:

Pilot Test Results

Study variables	Number of Items	Cronbach Alpha Values
Accommodating Strategy	6	0.780
Dominating Strategy	6	0.810
Compromise Strategy	6	0.809
Collaborating Strategy	7	0.821
Organizational Performance	6	0.786

Source: Research Data (2020)

The data portrayed on Table 4.1, the variable with the least Cronbach alpha was accommodating strategy with an alpha value of 0.780. Collaborating strategy had the highest alpha value of 0.821. This means that all the variables had alpha coefficients greater than 0.7. This meant that data collected was reliable and had a relatively high internal consistency, thus, reflected and that it could be used to generalized on the opinions of the target population as a whole as suggested by Zinbarg (2013).

4.2.2 Response Rate

The researcher distributed ninety (90) questionnaires to the respondents. Table 4.2 summarises and presents the response rate.

Table 4.2:

Questionnaire Response Rate

Questionnaire	Frequency	Percentage (%)
Number sent out	90	100.0
Number returned	83	92.22
Number not returned	07	07.78

Source: Research Data (2019)

Out of the ninety questionnaires distributed, a total of eighty-three (83) fully filled copies were collected back. These questionnaires were subsequently used in the analysis. The collected questionnaires represented a 92.22% return rate owing to the utilization of scholar’s contact persons in all the MFIs who encouraged the participants to participate in time. This rate was considered very good for data analysis since according to Best and Khan (2006),

return rates of more than 60% are considered to be very good. The response rate is presented in Table 4.2.

4.2.3 Age Group

Participants were required to show the age group in which they fell. The findings are summarised and shown in Table 4.3.

Table 4.3:

Age Group of Respondents

Age group	Frequency	Percentage
Below 29 years	14	16.87
30 – 39 years	42	50.60
40 – 49 years	10	12.05
50 years and above	17	20.48
Total	83	100

Source: Research Data (2020)

The research study results in Table 4.3 showed that most respondents were in the 30-39 years' age group at 50.60%. The next biggest age group was that of 50 years and above representing 20.48% of the respondents. The age groups of below 29 years and 40-49 years each represented 16.87% and 12.05% of the respondents respectively. This implies that the respondents were mature enough to understand the contents of questionnaire and fill it properly.

4.2.4 Gender

Participants were asked, on the questionnaire to indicate what gender they belonged to. The findings are shown on Table 4.4.

Table 4.4:

Gender

Gender	Frequency	Percentage
Male	31	37.35
Female	52	62.65
Total	83	100

Source: Research Data (2020)

Data portrayed on Table 4.4, portrays that most participants happened to be female representing 62.65% of the entire respondents. The balance of 37.35% were male. This implied that MFIs in Nairobi are in support of the Kenyan constitution and government of having at least one third gender in appointments and employment positions. The proportion of female employees could be higher because they are better at solving conflicts compared to their male counterparts.

4.2.5 Highest Level of Education

Respondents were required to check the box with their highest level of education. The findings are summarised and shown on Table 4.5.

Table 4.5

Highest Level of Education

Level of Education	Frequency	Percentage
Certificate	9	10.84
Diploma	22	26.51
Degree	32	38.55
Post graduate	20	24.10
Total	83	100

Source: Research Data (2020)

Data on Table 4.5 portrays that a most respondents possessed an undergraduate degree. The group represented 38.55% of the entire population. The next biggest group consisting of 26.51% of participants had diplomas. Those with post graduate and certificates comprised of 24.10% and 10.84% of the respondents. This implied that the respondents had enough academic qualification to give information through filling of the questionnaires.

4.2.6 Period Working in the MFI

Participants were requested to reveal the length of time working in their respective MFIs. Table 4.6 shows the findings.

Table 4.6

Period Working in the MFI

Age group	Frequency	Percentage
2 years or less	18	21.7
3-8 years	24	28.9
9-14 years	27	32.5
More than 14 years	14	16.9
Total	83	100

Source: Research Data (2020)

Most respondents (32.53%) had worked in their respective MFIs for a period between nine and 14 years (Table 4.6). This group comprised of 32.53% of the respondents. A further 28.92% affirmed to 3-8 years. Those who affirmed to two or less years were 21.69%. Those who had worked for more than 14 years consisted of 16.87% of the respondents. This implied that the respondents have enough experience to give information about their MFIs.

4.3 Descriptive Statistics

The study used descriptive statistics to present the means and standard deviations calculated from the collected data.

4.3.1 Accommodating Strategy

Participants were asked to indicate their levels of affirmation with statements about accommodating strategy. The values were on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5. The findings are presented on Table 4.7.

Table 4.7***Accommodating Strategy***

Accommodating Strategy	Mean	Std. Dev
Cooperation helps protect more important interests while giving up on some less important ones hence improving performance	4.24	.691
Cooperation increases bonding and support therefore helping organizational performance	4.36	.554
Agreeing to others enables reassessing the situation from a different angle thus understanding how it affects organizational performance	4.07	.866
Agreeing to others reduces conflicts thus improving performance	3.93	1.057
Assertiveness helps check conflicts without negatively affecting performance	3.95	.949
Assertiveness ensures that conflicting parties feel respected and heard, hence improving productivity	4.07	.960
Overall mean	4.10	

Source: Research Data (2020)

Most participants (Table 4.7) affirmed that cooperation helps protect more important interests while giving up on some less important ones hence improving performance (M = 4.24, SD = .691). Respondents showed agreement with the statement that cooperation increases bonding and support therefore helping organizational performance (M = 4.36, SD = .554). Most participants affirmed to the two proclamations. This implied that cooperation had a positive influence on organizational performance.

Concerning the statement that agreeing to others enables reassessing the situation from a different angle thus understanding how it affects organizational performance, respondents

agreed ($M = 4.07$, $SD = .866$). There was also agreement on the statement that agreeing to others reduces conflicts thus improving performance ($M = 3.93$, $SD = 1.057$). Most respondents were of the opinion that agreeing to others affected organizational performance. This implied that organizations that have conflicting parties who agree to other parties in conflicting situations achieve desired/ improve their performance.

The data portrayed on Table 4.7, respondents showed agreement with the statement that assertiveness helps check conflicts without negatively affecting performance ($M = 3.95$, $SD = .949$). There was also agreement that assertiveness ensures that conflicting parties feel respected and heard, hence improving productivity ($M = 4.07$, $SD = .960$). A majority of the respondents agreed with the respondents that assertiveness improves productivity and organizational performance. This meant that assertiveness, if well used, will have a positive impact on the performance of MFIs.

Generally, participants affirmed to statements about accommodating strategy. This was shown by an overall mean of 4.10. This implied that accommodation strategy, can be used to affect MFI performance positively which concurs with Ajike et al. (2015) which revealed a significant positive correlation between accommodating strategy and organisational performance in Nigerian banks. It is also consistent with Sammy (2016) which concluded that there existed a relationship between conflict management strategies and employee performance. Management of organisations should therefore, pay attention to conflict management.

The findings are further in agreement with Schermerhorn (2000) who argues that an individual that utilises the accommodating tactic in conflict containment and settlement appears as assertive but co-operative. The individual gives in to the other party's desires, overlooking or smoothing over the differences so that they can maintain harmony.

Accommodation leads to establishing a good association between parties and a lose-win solution. Eisenhardt et al.(2012) are also in agreement that the relationship is made when conflicting parties petition to cooperate and endeavour to lessen stress and tension through giving support and reassurance to the opposing party's standpoint. Further, Adomi and Anie (2006) reveal in agreement that most of the respondents felt that conflict was positive and that it could be enthused by executives of libraries. Conflicts of interpersonal nature were further revealed as the most common conflicts occurring among libraries in Nigeria, and that as a conflict avoidance tactic, accommodation strategy ranked top.

4.3.2 Dominating Strategy

Participants were asked to show their levels of affirmation with statements about dominating strategy. The values were on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5 (Table 4.8).

Table 4.8***Dominating Strategy***

Dominating Strategy	Mean	Std. Dev
Concentration increases self-esteem when an aggression is met with firm resistance	3.67	.912
Concentration helps draw respect when firm actions are used against hostility	4.20	.793
Coercing employees helps end conflicts thus improving performance	2.96	1.292
Coerciveness gives managers full control of the organization	2.99	1.366
Non-cooperation provides a quick resolution to a conflict hence reducing chances of negative effects on the organizational performance	2.23	1.108
Non-cooperation saves on time and cost in conflict resolution hence increasing efficiency	2.04	1.173
Overall mean	3.02	

Source: Research Data (2020)

Table 4.8 portrays that there was agreement with the statement that concentration increases self-esteem when an aggression is met with firm resistance ($M = 3.67$, $SD = .912$). In the same way, there was agreement with the statement that concentration helps draw respect when firm actions are used against hostility ($M = 4.20$, $SD = .793$). Most respondents were of the opinion that concentration increases self-esteem helps draw respect among conflicting parties. This explains that concentration when used properly will lead to dominating strategy having a positive effect on the organizational performance.

Respondents were neutral concerning the statement that coercing employees helps end conflicts thus improving performance ($M = 2.96, SD = 1.292$). Similarly, there was neutrality on the statement that coerciveness gives managers full control of the organization ($M = 2.99, SD = 1.366$). Most of the respondents portrayed neutrality on the statements about coercion. This implies that coercion could affect performance of MFIs in either way.

Table 4.8 showed that respondents disagreed with the statement that non-cooperation provides a quick resolution to a conflict hence reducing chances of negative effects on the organizational performance ($M = 2.23, SD = 1.108$). On the same breadth, respondents disagreed with the statement that non-cooperation saves on time and cost in conflict resolution hence increasing efficiency ($M = 2.04, SD = 1.173$). A majority of the respondents disagreed with the statements about non-cooperation. This explains that non-cooperation leads to a negative effect on the performance of MFIs

In general, dominating strategy had an overall mean of 3.02. This means that the respondents were neutral about the strategy. This implied that dominating strategy could have any effect on performance of MFIs. It could either affect positively or negatively or have no effect on the performance. This finding exhibits consistency with the findings of a research study by Olu and Dupe (2012) which discovered that effectiveness in conflict management improved performance of employees and that conflict management system of an organisation influenced the performance of employee in the organisation.

Further, the findings are in agreement with Schermerhorn (2000) who argue that this competing approach includes application of various kinds of power including force to control and/or dictate the opposing party or individuals so as to put pressure on the party to agree to own standpoint. It includes refusing to co-operate but being self-assured, aiming at negating the other party's desires and being involved in win/lose competitions and/or coercing by way

of practice of power. Competitors, general, have low or little apprehension towards own plight. Competitors are normally interested in imposing own desires and always very reluctant to co-operate. Dominating tends to be a style oriented towards power.

4.3.3 Compromise Strategy

Participants were asked to show their levels of affirmation with statements about compromise strategy. The values were on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5. The findings are presented on Table 4.9.

Table 4.9

Compromise Strategy

Compromise Strategy	Mean	Std. Dev
Fast problem solving helps manage stress hence achievement of good organizational performance	4.27	.766
Fast problem solving improves group harmony, leading to good productivity	4.27	.664
Temporary solution helps get a win-win solution thus long term organization performance is not negatively affected	3.33	1.083
Temporary solution ensures knowledge development by sharing of knowledge and experiences thus improving organizational performance	3.43	1.026
Reduction of tension levels of from the conflict helps improve organizational performance	4.19	.756
Reduction of tension helps ensure better organizational results	4.18	.767
Overall mean	3.95	

Source: Research Data (2020)

Data portrayed on Table 4.9, participants affirmed fast problem solving helps manage stress hence achievement of good organizational performance ($M = 4.27$, $SD = .766$). There was also agreement with the statement that fast problem solving improves group harmony, leading to good productivity ($M = 4.27$, $SD = .664$). Most respondents agreed that fast problem solving had a positive effect on productivity and performance of MFIs. This implied that fast problem solving, within the context of dominating strategy, can be used to enhance MFIs performance.

On the question of temporary solution helping get a win-win solution thus long term organization performance is not negatively affected, respondents showed neutrality ($M = 3.33$, $SD = 1.083$). The respondents indicated neutrality with the statement that temporary solution ensures knowledge development by sharing of knowledge and experiences thus improving organizational performance ($M = 3.43$, $SD = 1.026$). The respondents showed neutrality on statements about temporary solutions. This implies that temporary solutions could have any effect or no effect on performance of MFIs. It also means that when using dominating strategy, it is important to take note that temporary solutions does not necessarily result to positive performance.

On the statement that reduction of tension levels from the conflict helps improve organizational performance, respondents indicated that they agreed with it ($M = 4.19$, $SD = .756$). They, respondents, also agreed with the statement that reduction of tension helps ensure better organizational results ($M = 4.18$, $SD = .767$). Respondents were in agreement that reduction in tension levels lead to a positive influence of organisational performance. This means that when tension between conflicting parties is kept low, the performance of the MFIs will be better than if tension level were higher.

Generally, an overall mean of 3.95 showed that participants affirmed to statements about compromise strategy. This points to compromise strategy exerting a positive influence on MFI performance. The results converge with that of Mba (2013) which uncovered a significant positive association between employees' performance and strategies of managing conflicts. The findings are also consistent with Omweri (2013) who found that the compromising approach was reflected in intermediate behaviour in both co-operation and assertiveness. This approach is based on the give-and-take process and may include negotiation. The strategy of compromising is adequate in addressing interpersonal conflict in cases that it benefits all the conflicting individuals. The compromise tactic is best employed when objectives and goals are crucial but not necessitating the resources or possible disturbance of methods that are more assertive

4.3.4 Collaborating Strategy

Participants were asked to show their levels of affirmation with statements about collaborating strategy. The values were on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5. The findings are presented on Table 4.10.

Table 4.10***Collaborating Strategy***

Collaborating Strategy	Mean	Std. Dev
Focus on conflicts ensures the actual problem is solved much more quickly	4.02	.910
Focus on the conflict ensures the conflict is resolved with fewer mistakes	3.98	.780
Cooperation reinforces mutual trust and respect among employees, thus positively affecting organizational performance	4.41	.625
Cooperation ensures a win-win outcome for both parties	4.29	.789
It helps lay a foundation for effective collaboration that results to positive organizational performance	4.24	.673
It enables shared responsibility of the outcome	4.41	.681
Shared responsibility makes it possible organizational efficiency to be achieved	4.52	.592
Overall mean	4.27	

Source: Research Data (2020)

Data portrayed on Table 4.10, respondents agreed that focus on conflicts ensures the actual problem is solved much more quickly ($M = 4.02$, $SD = .910$). There was also agreement with the statement that focus on the conflict ensures the conflict is resolved with fewer mistakes ($M = 3.98$, $SD = .780$). Respondents agreed with the statement about focus. This means that as a parameter, focus has an effect of improving MFIs' performance.

On the question of cooperation reinforcing mutual trust and respect among employees, thus positively affecting organizational performance, respondents showed agreement ($M = 4.41$, $SD = .625$). There was also agreement with the statement that cooperation ensures a win-win

outcome for both parties ($M = 4.29$, $SD = .789$). Respondents showed that they were of the opinion that cooperation reinforces mutual trust and that it ensures win-win situations. This explains that cooperation, within the context of collaborating strategy, leads to an improvement the performance of MFIs.

The data portrayed on Table 4.10 respondents agreed that collaborating strategy helps lay a foundation for effective collaboration that results to positive organizational performance ($M = 4.24$, $SD = .673$). On the same breadth, they agreed that enables shared responsibility of the outcome ($M = 4.41$, $SD = .681$). Finally, respondents agreed that shared responsibility makes it possible organizational efficiency to be achieved ($M = 4.52$, $SD = .592$). The respondents agreed with the statements concerning shared responsibility. This explained that shared responsibility was key if a good performance of MFIs is required.

The overall mean 4.10 implied that respondents agree that collaborating strategy positively affects MFI achievement. This finding is consistent with Momanyi and Juma (2016) which discovered a positive notable association between collaborating strategy and organizational performance in Kenyan commercial banks. Accordingly, Clerkin and Jones (2013) offer that success in solving problem needs that conflicting parties express a readiness to collaboratively work with a view to reach a solution that is integrative, addressing the plight of every party concerned.

4.3.5 Organizational Performance

Participants were asked to show their levels of affirmation with statements about organization performance. The values were on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5. The findings are presented on Table 4.11.

Table 4.11***Organizational Performance***

Organizational Performance	Mean	Std. Dev
Efficiency helps in cost saving	4.51	.687
Efficiency helps in time saving	4.59	.519
Improved productivity helps improve the firm's profitability	4.49	.632
Improved productivity enhances business growth	4.57	.567
Effectiveness enables management of workplace conflicts	4.14	.783
Effectiveness helps improve employee productivity	4.28	.704
Overall mean	4.43	

Source: Research Data (2020)

The data portrayed on Table 4.11, respondents strongly agreed that efficiency helps in cost saving ($M = 4.51$, $SD = .687$). The respondents also strongly agreed with the statement that Efficiency helps in time saving ($M = 4.59$, $SD = .519$). Respondents agreed that efficiency helps in saving cost and time. This means that efficient MFIs, holding other things constant, have lower costs hence better performance in comparison to inefficient ones.

There was agreement on the statement that improved productivity helps improve the firm's profitability ($M = 4.49$, $SD = .632$). Respondents indicated that improved productivity enhances business growth ($M = 4.57$, $SD = .567$). Respondents agreed that improved productivity helps improve profitability and enhances growth. This implies that MFIs that have high productivity have high good performance.

The findings showed that participants affirmed that effectiveness enables management of workplace conflicts ($M = 4.14$, $SD = .783$). There was also affirmation with that effectiveness

helps improve employee productivity ($M = 4.28$, $SD = .704$). Respondents agreed that effectiveness helps manage workplace conflicts and improve employee productivity.

Generally, the 4.43 mean infers that the performance of MFIs was satisfactory. This is because all the indicators had means of 4.14 or higher. This implies that a strategy for management of conflict chosen will have an effect on how the MFI performs.

The foregoing findings are in accordance with Purkayastha and Chaudhari (2011) who posit that the need to better organizational and employees' performance has gained prominence as part of endeavours to improve the achievement of organizational objectives and goals. So as achieve the desired performance, it is important for the alignment of the firm objectives with the employees' skills, competency requirements, agreed measures, plans of development and the results delivery. Even though traditionally organizational success has been operationalized in using measures that are financial in nature, there are researchers who made proposals for broader construct of organizational performance. Asokere et al. (2010) also investigated how organizational conflict affects performance of organizations. This was done by investigating the igniters, kinds, reason and methods of conflict management in specific service organizations within Nigeria, with the intention of bringing out ways of improving their productivity and performance. The research study found out that limitation in resources was a big reason for conflict and that conflicts led to both positive and negative effects in organizations, but if properly managed, the positive effects could be utilised to encourage innovativeness in organizations and build organizational cooperation among different staffs.

The strategy with the highest weight was collaborating with an overall mean of 4.27. The second weightiest strategy was accommodating strategy that had an overall mean of 4.10. They were followed by compromise and dominating strategies overall means of 3.95 and 3.02 respectively.

4.4 Inferential Statistics

The study aimed at establishing the underlying relationships between the independent and dependent variables. Additionally, this research aimed at assessing the degree at which the independent variables affected the dependent variable. To achieve this end, a multiple regression model was applied. The multiple regression model was preferred because according to Hu (2014) it enables determination of the relative influence of one or more independent variables on the dependent variable and the ability of the model to help identify outliers, or anomalies, if there are any.

4.4.1 Model Summary

Model summary shows the results of the regression in a summarised way. The summary is shown on Table 4.12.

Table 4.12

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.996 ^a	.993	.993	.510

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

The results in Table 4.12 revealed that the model correlation coefficient value (represented by R) was 0.996. Furthermore, the table shows that the r value greater compared to any other zero order value within the same table. This implied that the regression model exhibited improvement when there was incorporation more variables in trying to evaluate effect of conflict management strategies on MFI performance in Nairobi. The R square value ($R^2 = 0.993$), implied that the variables (accommodating strategy, dominating strategy, compromise

strategy, and collaborating strategy) in the multiple linear regression model explained 99.3% of all the variations in the performance of MFIs in Nairobi.

4.4.2 Regression Analysis

The study employed the multiple regression analysis to survey the significance of the association between predictor factors (accommodating, dominating, compromise and collaborating strategies) variables and the outcome factor (performance of MFIs). The multiple regression model was used because it enables determination of the relative influence of one or more independent variables on the dependent variable and the ability of the model to help identify outliers, or anomalies, if there are any (Hu, 2014). The result is summarized and shown in Table 4.13.

Table 4.13

Multiple Regression Model Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	-1.681	.483		-3.485	.001
Accommodating Strategy	-.356	.132	-.293	-2.709	.008
1 Dominating Strategy	.815	.210	.694	3.875	.000
Compromise Strategy	-.593	.195	-.530	-3.045	.003
Collaborating Strategy	1.179	.088	1.121	13.428	.000

a. Dependent Variable: Organizational Performance

The data portrayed on Table 4.13 portrays that the greatest effect on performance of MFIs compared to the other three variables was by collaborating strategy. This was demonstrated

by the coefficient of 1.121. This implied that, holding other things constant, a degree variance in collaborating strategy would result in 1.121 change in performance of MFIs in the same direction. The next most influential variable was dominating strategy. This was shown by a coefficient of 0.694. This infers that a degree change in dominating strategy would lead to 0.694 change in performance of MFIs in the same direction, holding other things constant. The third most influential variable was accommodating strategy. Accommodating strategy had a coefficient of -0.293. This implied that a degree variance in accommodating strategy would result in 0.293 inverse change in performance of MFIs. The least influential variable was compromise strategy. The variable had a coefficient of -0.530. This implied that a degree variance in compromise strategy would result in 0.530 inverse change in performance of MFIs.

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

X_1 denotes accommodating strategy, X_2 is dominating strategy, X_3 is Compromise strategy and X_4 is collaboration strategy. Y is performance of MFIs in Nairobi.

The data portrayed on Table 4.13, there existed an inverse relationship between MFI achievement in Nairobi and accommodating strategy. Accommodating strategy had a significance of 0.008. Comparing this against the significance level of 5% (0.05), the conclusion reached is that the relationship is significant. The findings agree with that of Sammy (2016) which concluded that there existed an association between employee performance and conflict management strategies. Management of organisations should therefore, pay attention to conflict management. This finding, however, contradicts that of a study by Ajike et al. (2015) which revealed a significant positive correlation between accommodating strategy and organisational performance in Nigerian banks. This finding was

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

Table 4.13 showed a positive association between dominating strategy and performance of MFIs in Nairobi. Dominating strategy had a significance of 0.000. In comparison to the significance level of 0.05, it leads to a conclusion that the relationship is significant. This finding agrees with the findings of a research study by Olu and Dupe (2012) which discovered that effectiveness in conflict management improved performance of employees and that conflict management system of an organisation influenced the performance of employee in the organisation. This finding is inconsistent with the contingency theory. This means that employing non-cooperation will

Findings on Table 4.13 show that there existed an inverse relationship between compromise strategy and performance of MFIs in Nairobi. Compromise strategy had a significance of 0.03. Comparing this against the significance level of 5% (0.05), the conclusion reached is that the relationship was significant. The findings diverge from that of Mba (2013) which uncovered a notable association between employees' performance and strategies of conflict management. The findings disagree with the stakeholder theory. This means that the findings did not support what the theory states. The theory suggested compromise would lead to better organizational performance but the finding showed an inverse relationship.

Table 4.13 portrayed a positive association between collaborating strategy and performance of MFIs in Nairobi. Collaborating strategy had a significance of 0.000. In comparison to the significance level of 0.05, it leads to a conclusion that the relationship was significant. This finding was similar to that of Momanyi and Juma (2016) which discovered a positive and notable link between organizational performance and collaborating strategy among Kenyan

commercial banks. This finding agreed with the stakeholder theory. The theory argues that organizations the best strategy concerning employees should always be employed. The argument was consistent with the findings of the study.

4.4.3 Analysis of Variance (ANOVA)

Analysis of variance was employed to test the significance of the model and by extension its suitability in using it to make a general conclusion on the population (Table 4.14).

Table 4.14

ANOVA

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

a. Dependent Variable: Organizational Performance

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

According Table 4.14, the F calculated value of 2765.738 meant that the overall model was significant and could thus be utilised to arrive at conclusions about the population parameters. This was supported by the p-value (0.00) being lower than the significance level (0.05).

4.4.4 Correlation Analysis

The coefficient of correlation normally ranges from -1 denoting a perfect negative correlation to +1 denoting a perfect positive correlation while 0 reveals non-correlation. The purpose of the matrix of correlation is to reveal the degree at which alterations in a factor's value is linked with alterations in another factor. Values that are larger than 0.5 point to a correlation

between factors while values that are lower than -0.5 indicate non-correlation. To get the correlation, Pearson correlation test was run on SPSS, and the summary of the result is shown on Table 4.15.

Table 4.15

Pearson Correlation Coefficients

	Accommodatin g Strategy	Dominatin g Strategy	Compromis e Strategy	Collaboratin g Strategy	Organizationa l Performance
Accommodatin g Strategy	1	.996**	.995**	.986**	.976**
Dominating Strategy	.996**	1	.998**	.993**	.986**
Compromise Strategy	.995**	.998**	1	.993**	.984**
Collaborating Strategy	.986**	.993**	.993**	1	.995**
Organizational Performance	.976**	.986**	.984**	.995**	1

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

Source: Research Data (2020)

Table 4.15 show that the smallest correlation value was 0.976 while the highest value was 0.995. Accommodating strategy had a correlation coefficient of .976. This meant that there was a significant relationship between accommodating strategy and performance of MFIs. Dominating strategy had a correlation coefficient of 0.986. This implied that there was a significant relationship between accommodating strategy and performance of MFIs.

Compromise strategy had a correlation coefficient of 0.984 This meant that there was a significant relationship between accommodating strategy and performance of MFIs. Collaborating strategy had a correlation coefficient of 0.995 This implied that there was a significant relationship between accommodating strategy and performance of MFIs.

4.5 Summary

The study achieved a response rate of 92.22%. Most respondents were in the 30-39 years' age group at 50.60%. Majority of the respondents were female representing 62.65% of the entire respondents. Most of the participants had an undergraduate degree. This group represented 38.55% of the entire population. This implied that the participants were educated enough to read, understand and fill the questionnaires. Most participants had worked in their respective MFIs for a period between nine and 14 years. This group comprised of 32.53% of the respondents. This implied that respondents had enough experience with microfinance institutions to respond to the questionnaires.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The present chapter contained a summary of the key findings as obtained from the gathered data, the resulting conclusion drawn based on the inferences made from the results and recommendations as informed by the results and respective inferences. The study was designed to find out if there existed a relationship between conflict management strategies and organizational performance in Microfinance Institutions in Nairobi. If there existed any, the study aimed to show and explain it.

5.2 Summary of Findings

This section did a summary of the findings as guided by the study objectives. The summary is done according to the specific objectives used by the study. It is also done in accordance with the findings of the study.

5.2.1 Accommodating Strategy and Organizational Performance

Participants affirmed to statements about accommodating strategy. This was shown by means between 3.93 and 4.36. The results from the regression model showed a significant inverse relationship between accommodating strategy and performance among MFIs in Nairobi. Results of the regression model showed that there existed an inverse relationship between accommodating strategy and performance of MFIs.

The findings agree with that of Sammy (2016) but contradicts that of a study by Ajike et al. (2015) which revealed a notable positive association between accommodating strategy and organisational performance. The findings are further in agreement with Schermerhorn (2000)

who argues that an individual that utilises the accommodating tactic in conflict containment and settlement appears as assertive but co-operative.

5.2.2 Dominating Strategy and Organizational Performance

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

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

5.2.3 Compromise Strategy and Organizational Performance

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

5.2.4 Collaborating Strategy and Organizational Performance

Most participants affirmed to statements concerning collaborating strategy. The results from the regression model showed a significant direct relationship between collaborating strategy and performance among MFIs in Nairobi. Collaborating strategy had a significance of 0.000 the significance level of 0.05. This finding was similar to that of Momanyi and Juma (2016) which discovered that collaborating strategy positively influences organizational achievement.

5.3 Conclusions

Conclusions are hereby made according to the study objectives. The results portrayed an inverse association between accommodating strategy and MFI achievement in Nairobi. This was shown by coefficient value of -0.356 And significance value of 0.008. The Pearson's correlation coefficient portrayed a significant association between accommodating strategy and MFI success. The conclusion agrees with that of Sammy (2016) which concluded that there existed an association between employee performance and conflict management strategies. Management of organisations should therefore, pay attention to conflict management. The conclusion, however, contradicts that of a study by Ajike et al. (2015) which indicated a notably positive association between accommodating tactic and organisational success in Nigerian banks.

It is also concluded that a notable and positive association exists between MFI success and dominating strategy in Nairobi. This was shown by coefficient of 0.815 and significance value of 0.000. The Pearson's correlation coefficient showed that the association between dominating strategy and performance of MFIs was significant. This conclusion converges with that of a research study by Olu and Dupe (2012) which discovered that effectiveness in

conflict management improved performance of employees and that conflict management system of an organisation influenced the performance of employee in the organisation.

A negative association is revealed between compromise strategy and MFI success. This was shown by coefficient of -0.593 and significance value of 0.003. The Pearson's correlation coefficient portrayed a significant association between compromise strategy and MFI success. The conclusion diverges from that of Mba (2013) which uncovered a significant relationship between conflict management strategies and employees' performance.

Finally, a direct and notable association is found between collaborating strategy and MFI success, revealed by coefficient of 1.179 and significance value of 0.000. The Pearson's correlation coefficient portrayed that the association between collaborating strategy and MFI success was significant. This conclusion was similar to that of Momanyi and Juma (2016) which discovered a positive and notable association between organizational performance and collaborating strategy in Kenyan commercial banks.

5.4 Recommendations

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

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

5.5 Recommendations for Further Research

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

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

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APPENDICES

Appendix I: Letter to the Respondents

M'mbwanga Maureen Maresi

Kenya Methodist University

P.O. Box 45240-00100,

Nairobi.

Dear Respondent,

I am M'mbwanga Maureen Maresi, a postgraduate student pursuing masters of Business Administration, Kenya Methodist University. I am currently conducting research entitled **'Conflict management strategies and organizational performance; A survey of microfinance institutions in Nairobi'**

The purpose of this letter is to kindly request you to respond to the attached questionnaire.

The information you give will be treated with utmost confidentiality. The information given will only be used for academic purpose.

Thank you in advance for your time and cooperation.

Yours Sincerely,

M'mbwanga Maureen Maresi

Appendix II: Research Questionnaire

Please fill the questionnaire with the most appropriate answers

Part A: General information

1. In which age group do you belong?

Below 29 yrs [] 30 – 39 yrs [] 40 – 49 yrs [] 50 yrs and above []

2. What is your gender?

Male [] Female []

3. What is your highest level of education?

Certificate [] Diploma [] Degree [] Post graduate []

4. For how long have you been working in the MFI?

2 yrs or less [] 3-8 yrs [] 9-14 yrs [] More than 14 yrs []

Part B: Accommodating Strategy

5. Please indicate how you agree with the following statements.

Key on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5

	Accommodating Strategy	SA	A	N	D	SD
1.	Cooperation helps protect more important interests while giving up on some less important ones hence improving performance					
2.	Cooperation increases bonding and support therefore helping organizational performance					
3.	Agreeing to others enables reassessing the situation from a different angle thus understanding how it affects organizational performance					

4.	Agreeing to others reduces conflicts thus improving performance					
5.	Assertiveness helps check conflicts without negatively affecting performance					
6.	Assertiveness ensures that conflicting parties feel respected and heard, hence improving productivity					

Part C: Dominating Strategy

6. Please indicate how you agree with the following.

Key on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5

	Dominating Strategy	SA	A	N	D	SD
1.	Concentration increases self-esteem when an aggression is met with firm resistance					
2.	Concentration helps draw respect when firm actions are used against hostility					
3.	Coercing employees helps end conflicts thus improving performance					
4.	Coerciveness gives managers full control of the organization					
5.	Non-cooperation provides a quick resolution to a conflict hence reducing chances of negative effects on the organizational performance					
6.	Non-cooperation saves on time and cost in conflict resolution hence increasing efficiency					

Part D: Compromise Strategy

7. Please indicate how you agree with the following statements.

Key on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5

	Compromise Strategy	SA	A	N	D	SD
1.	Fast problem solving helps manage stress hence achievement of good organizational performance					
2.	Fast problem solving improves group harmony, leading to good productivity					
3.	Temporary solution helps get a win-win solution thus long term organization performance is not negatively affected					
4.	Temporary solution ensures knowledge development by sharing of knowledge and experiences thus improving organizational performance					
5.	Reduction of tension levels of from the conflict helps improve organizational performance					
6.	Reduction of tension helps ensure better organizational results					

Part E: Collaborating Strategy

8. Please indicate how you agree with the following statements.

Key on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5

	Collaborating Strategy	SA	A	N	D	SD
1.	Focus on conflicts ensures the actual problem is solved much more quickly					
2.	Focus on the conflict ensures the conflict is resolved with fewer mistakes					
3.	Cooperation reinforces mutual trust and respect among employees, thus positively affecting organizational performance					
4.	Cooperation ensures a win-win outcome for both parties					
5.	It helps lay a foundation for effective collaboration that results to positive organizational performance					
6.	It enables shared responsibility of the outcome					
7.	Shared responsibility makes it possible organizational efficiency to be achieved					

Part F: Organizational Performance

9. Please indicate how you agree with the following statements.

Key on a scale with 5 progressive levels varying from highest levels of disagreement denoted by number 1 to the highest level of agreement denoted by number 5

	Organizational Performance	SA	A	N	D	SD
1.	Efficiency helps in cost saving					
2.	Efficiency helps in time saving					
3.	Improved productivity helps improve the firm's profitability					
4.	Improved productivity enhances business growth					
5.	Effectiveness enables management of workplace conflicts					
6.	Effectiveness helps improve employee productivity					

Appendix III: List of major MFIs in Nairobi

- 1) Caritas Microfinance Bank Limited
- 2) Century Microfinance Bank Limited
- 3) Choice Microfinance Bank Limited
- 4) Crossbridge Credit Ltd, Nairobi
- 5) Daraja Microfinance Bank Limited
- 6) Eurocrest Microfinance Company Ltd, Nairobi
- 7) Faulu Microfinance Bank Limited
- 8) Kenya Women Microfinance Bank Limited
- 9) Maisha Microfinance Bank Ltd
- 10) Momentum Credit
- 11) Musoni Microfinance Institution
- 12) Rafiki Microfinance Bank Limited
- 13) Real People Microfinance
- 14) Remu Microfinance Bank Limited
- 15) SMEP Microfinance Bank Limited
- 16) Sumac Microfinance Bank Limited
- 17) U&I Microfinance Bank Limited
- 18) Uwezo Microfinance Bank Limited

Source: Nairobi City County Registrar of Societies (2019)

Appendix IV: Target Population on the Basis of Microfinance Institutions

Name of Microfinance Institutions	Population
Caritas Microfinance Bank Limited	5
Century Microfinance Bank Limited	5
Choice Microfinance Bank Limited	5
Crossbridge Credit Ltd, Nairobi	5
Daraja Microfinance Bank Limited	5
Eurocrest Microfinance Company Ltd	5
Faulu Microfinance Bank Limited	5
Kenya Women Microfinance Bank Limited	5
Maisha Microfinance Bank Ltd	5
Momentum Credit	5
Musoni Microfinance Institution	5
Rafiki Microfinance Bank Limited	5
Real People Microfinance	5
Remu Microfinance Bank Limited	5
SMEP Microfinance Bank Limited	5
Sumac Microfinance Bank Limited	5
U &I Microfinance Bank Limited	5
Uwezo Microfinance Bank Limited	5
Total	90

Source: Nairobi City County Registrar of Societies (2019)

Appendix V: Introductory Letter from KeMU



KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-054-30301/31229/30362/31175

Fax: 254-54-30162
Email: info@kemu.ac.ke

Our ref: NAC/MBA/1/2019/11

22 AUGUST, 2019

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/ Madam,

RE: M'MBWANGA MARESI MAUREEN (BUS-3-2444-1/2014)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, undertaking Masters in Business Administration. She is conducting a research titled **CONFLICT MANAGEMENT STRATEGIES AND ORGANIZATIONAL PERFORMANCE. A SURVEY OF MICROFINANCE INSTITUTIONS IN NAIROBI.**

We confirm that her thesis proposal has been defended and approved by the university.

In this regard, we are requesting your office to issue a permit to enable her collect data for his Masters dissertation.

Any assistance accorded to her will be appreciated.



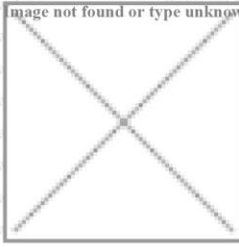
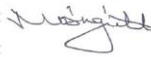

Yours faithfully,

DR. Evangeline Gichunge, PhD,
ASS DIRECTOR POSTGRADUATE STUDIES



Encl.

Appendix VI: NACOSTI Research License

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RESEARCH LICENSE	
	
This is to Certify that Ms.. MAUREEN M'MBWANGA of Kenya Methodist University, has been licensed to conduct research in Nairobi on the topic: CONFLICT MANAGEMENT STRATEGIES AND ORGANIZATIONAL PERFORMANCE (A SURVEY OF MICRO FINANCE INSTITUTIONS IN NAIROBI) for the period ending : 16/September/2020.	
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