

**STRATEGIC MANAGEMENT PRACTICES AND SOCIAL  
SUSTAINABILITY OF MICROFINANCE INSTITUTIONS IN KITUI  
COUNTY, KENYA**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF  
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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS OF  
BUSINESS ADMINISTRATION OF THE MANAGEMENT UNIVERSITY OF  
AFRICA**

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**DECLARATION**

This research project is my original work and has not been presented for a degree in any other University.

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This research project has been submitted for examination with my approval as University Supervisor.

**Signature..... Date .....**

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## **DEDICATION**

I dedicate this project to my family members, Stephen Muange (Dad), Nancy Muange (Mum), and Januaries Muuo (Son).

## **ACKNOWLEDGMENT**

I take this opportunity to first acknowledge God Almighty, my creator, my strong pillar, and my source of inspiration, wisdom, knowledge and understanding. I further express my gratitude to My Supervisor Dr. John Cheluget for his relentless assistance, guidance, and support all through this chapter. I would also like to thank my parents who have been part of my biggest strength all way God bless Them, Amen. I also acknowledge my colleagues for their support. I would like to acknowledge the crucial role of Management University of Africa online library and general support to make this research project a success. Finally, I also take this opportunity for the Microfinance Institutions in Kitui County for allowing me to carry out this study.

## ABSTRACT

Social sustainability remains a significant challenge among microfinance institutions (MFIs) in Kenya, particularly in ensuring long-term social impacts that benefit low-income populations. Notably, these institutions struggle with integrating social goals, such as poverty alleviation and financial inclusion, alongside their financial objectives. For instance, despite a substantial growth in the sector, only 39% of the rural population in Kenya including Kitui County is served by MFIs, indicating a gap in reaching marginalized communities. This limited outreach, coupled with high-interest rates averaging 30%, raises concerns about the institutions' ability to contribute to the social well-being of vulnerable groups, thus hampering social sustainability. Therefore, this study's general objective was to examine how strategic management practices influenced the social sustainability of microfinance institutions in Kitui County, Kenya. The study also investigated how Kitui County, Kenya's microfinance institutions' social sustainability was affected by strategic planning, strategy execution, and strategy evaluation. The study also looked at the ways in which organizational traits in Kitui County, Kenya, affected the relationship between social sustainability and strategic management techniques in microfinance organizations. The study was anchored on the Triple Bottom Line Theory, Delta Model, and the Resource-Based View Theory. A descriptive survey research design was used for this investigation. The target population were 5 Microfinance Institutions (MFIs) in Kitui county and 150 leaders. A census method was used to select all the leaders and MFIs to form the sample size. Questionnaires were used in the collection of primary data. Quantitative analysis was applied to the acquired data. The study used version 24 of the Statistical Package for Social Services to condense the quantitative data into frequencies and percentages. The data was described using percentages, means, and standard deviations, and displayed using tables, pie charts, and figures. To make inferences about the data, multiple regression analysis and correlation were employed. Inferential statistics were used to determine the relationship between the dependent variable (social sustainability of MFIs) and the independent variable (strategic management practices). From the findings, it was established that strategic management practices addressed 39.2% of the social sustainability of MFIs in Kitui County. Moreover, strategic planning ( $b=.617$ ,  $p$  value= $0.000 < 0.05$ ), strategy implementation ( $b=.819$ ,  $p$  value= $.000 < 0.05$ ) and strategy evaluation ( $b=.254$ ,  $p$  value= $0.013 < 0.05$ ) had a positive and significant influence on the social sustainability of MFIs in Kitui County, Kenya. It was concluded that the indicators of strategic management practices had a statistically significant influence on the social sustainability of MFIs in Kitui County, Kenya. Numerous parties, including the government and financial regulatory agencies, donors and investors, MFI clients and beneficiaries, and academics, will find this study to be significant. This study recommends that the management of the MFIs in Kitui County should dedicate more time and resources in strategic planning and implementation. The management of the MFIs should ensure that their employees are conversant with the overall strategic vision/Mission, goals and Objectives of the MFI's.

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## ACRONYMS AND ABBREVIATIONS

<b>CBK</b>	: Central Bank of Kenya
<b>CBN</b>	: Central Bank of Nigeria
<b>DCPs</b>	: Digital Credit Providers
<b>FY</b>	: Financial Year
<b>MFIs</b>	: Microfinance Institutions
<b>NAICOM</b>	: National Insurance Commission
<b>NDIC</b>	: Nigeria Deposit Insurance Corporation
<b>NGOs</b>	: Non-Governmental Organizations
<b>NPL</b>	: Natural Language Processing
<b>OLS</b>	: Ordinary Least Squares
<b>PLS-SEM</b>	: Partial Least Squares Structural Equation Modelling
<b>RBV</b>	: Resource-based View
<b>SACCOs</b>	: Savings and Credit Cooperatives
<b>SBI</b>	: Strategic Business Innovation
<b>SEC</b>	: Securities and Exchange Commission
<b>SMEs</b>	: Small Medium Enterprises
<b>SMP</b>	: Strategic Management Practices
<b>SPSS</b>	: Statistical Package for Social Sciences
<b>SSP</b>	: Systematic Strategic Planning
<b>SSPM</b>	: Sustainability Strategic Planning and Management
<b>TBL</b>	: Triple Bottom Line

## OPERATIONAL DEFINITION OF TERMS

<b>Microfinance Institutions</b>	: As utilized in the study, the term refers to financial entities that provide small-scale financial services, including loans, savings, and insurance, primarily to low-income individuals or entrepreneurs, with the aim of promoting financial inclusion and supporting poverty alleviation (Kagan, 2024).
<b>Social Sustainability</b>	: As used in the study, social sustainability refers to the commitment and capability of the MFIs to provide inclusive financial services while simultaneously fostering positive social impact, improving the well-being of underserved individuals, and promoting community development (Sarkis, 2010).
<b>Strategic Management Practices</b>	: As used in the study, the term involves the formulation, implementation, and continuous adaptation of organizational strategies to achieve long-term goals and competitive advantage (Sharabati & Fuqaha, 2014).
<b>Strategic Planning</b>	: As used in the study, the term refers to the systematic process of defining an organization's objectives, determining the most effective ways to achieve them, and allocating resources to ensure successful implementation and adaptation (Pearce & Robinson, 2003).
<b>Strategy Evaluation</b>	: As used in the study, the term refers to the ongoing assessment and examination of an MFI's implemented strategies to determine their effectiveness, identify areas for improvement, and ensure alignment with the overall goals and changing external conditions (Pearce & Robinson, 2003).
<b>Strategy Implementation</b>	: As used in the study, the term refers to the process of executing and operationalizing the chosen strategies within an organization in order to achieve the intended objectives and realize the strategic vision (Kazmi, 2008).

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Introduction**

This chapter unpacked the concepts of this study on strategic management strategies and social sustainability of the microfinance institutions. The concepts are unpacked from the global to the local perspectives. This enables the researcher to present the problem statement that is going to be investigated. Other sections covered include objectives, research questions, scope as well as study significance.

### **1.1 Background of the Study**

In the twenty first century, the business environment has experienced various changes. It may be noted that the environment of a business is becoming highly competitive, turbulent and more dynamic. Therefore, for businesses to march up with the changes and competitiveness, they need to be more strategic in their operations. Moreover, globalization of trade, increased strategic importance of brand reputation, knowledge and relationship among stakeholders have highly influenced the change and competitiveness being experienced in the business environment irrespective of the sector in which the businesses operate (Biraori, Okibo, & Wamalwa, 2014).

#### **1.1.1 Strategic Management Practices**

Strategic management involves systematic planning, implementation, and evaluation of an organization's long-term objectives as well as factoring in the external and internal environments. It encompasses activities like goal setting, resource allocation, and performance assessment to ensure an organization's success (Palladan & Adamu, 2018). Effective strategic management practices that incorporate social sustainability not only enhance a company's reputation but also contribute to the creation of a more inclusive, responsible, and resilient business ecosystem (Banerjee, 2018).

Aremu (2010) is of the idea that a strategy that has been defined clearly promotes some zeal within the stakeholders, therefore promoting commitment that enhances improved organizational performance. Strategic management paves way for systematic management of change. It forms a pillar for organizational capabilities in mobilizing resources for achieving a desired vision. In the globalization era, strategic management is the most important practice. It is able to separate organizations from each other. In

order to achieve organizational vision, strategy and objectives, strategic management needs to be present. In order for an organization to fit in its businesses operating sector, Strategic Management Practices (SMP) need to be performed (Sharabati & Fuqaha, 2014).

Making decisions to guarantee the strategy is carried out is known as strategic management. The following six steps—formulating the company's mission and vision, situation analysis, strategic analysis, and choice, determining the strategic objectives, implementing the strategy, and, lastly, assessing the strategy and control—can be used to accomplish this through strategic management practices (Pearce & Robinson, 2003). It is the process by which senior management develops and carries out an organization's vision, mission, and strategy while giving careful consideration to the external environment in which the business operates, resources under its control, and the internal environment. An organization can profit both financially and non-financially from it.

There are different authors that have been able to look at the concepts of strategic management in different contexts. For instance, Samad, Alghafis, and Al-Zuman (2018) while looking at strategic management and its relation to organizational culture and performance, used strategy formulation and implementation variables as indicators of strategic management practices. In Slovak Republic, Babel'ová *et al.* (2018) also used strategy formulation and implementation as the indicators or measurements of strategic management practices. These authors found that the strategic management indicators had a positive influence on performance. Besides these two indicators, Ali and Qun (2019) in their study conducted in Bangladesh included strategy evaluation. Within the African context, various scholars (Addae-Korankye & Aryee, 2021; Onyekwelu, 2020; Abdiwali, 2019; Garad *et al.*, 2015) while looking at the strategic management component have utilized strategic formulation, implementation and evaluation as the key measurements.

According to Kazmi (2008), strategic management practices comprises of strategic choice, strategy formulation, strategy evaluation, and strategy implementation. Each of these practices has a significant role in an organization's success. Kasera (2017) in his study on strategic management and how health institutions performed in the county of Nairobi affirmed that the components of strategic management such as thinking,

implementation and planning positively influenced the performance of organizations. Based on the previous studies examined in the background have highlighted the different components that be utilized in measuring strategic management practices. Therefore, this study also adopted these indicators (strategic planning, strategy implementation, strategy evaluation) so as to form the independent variables that were utilized in measuring strategic management practices and its influence on social sustainability.

### **1.1.2 Social Sustainability of Organizations**

Social sustainability focuses on the integration of considerations from both the environmental and social aspects into businesses to promote long-term societal well-being. In the context of strategic management, social sustainability means aligning business strategies with social responsibility goals. This involves engaging stakeholders, addressing social issues, and promoting ethical practices to contribute positively to communities and the environment (Alkhodary, 2023). Numerous academics have emphasized how crucial it is to manage sustainability issues by taking into account the social, economic, and environmental elements in order to boost a company's competitiveness and efficiency and enable ongoing growth (Awan, 2019; Habidin *et al.*, 2015). However, discussions regarding sustainable development usually centres on environmental or economic issues, ignoring social sustainability, one of the three pillars described (Woodcraft, Hackett, & Caistor-Arendar, 2011; Vafadarnikjoo, Ahmadi, Hazen, & Liou, 2020). One facet of sustainability, or sustainable development, is social sustainability. This includes labour rights, corporate governance, and human rights. It improves the working atmosphere and has a beneficial effect on the industry's workforce. Managing interpersonal relationships, people's talents and abilities, and social ideals are all aspects of social sustainability (Sarkis, 2010).

According to Vallance, Perkins, and Dixon (2011), social sustainability is part of the three bottom-line sustainability initiatives of a company. The goal of social sustainability is to conserve certain socio-cultural traditions and to uphold desired lifestyles. It has also been broken down further into three distinguished categories with "Development sustainability" being the first. It talks about the problems of injustice and poverty. The concept of "bridge sustainability," which emphasizes behavior modification to create a biophysically friendly environment, comes next. Furthermore, "maintenance sustainability" comes last. By highlighting the preservation of socio-

cultural patterns and practices, it emphasizes on the background of social and economic change (Zainoddin *et al.*, 2020).

In light of this, companies ought to be focused on generating profits while also taking socially and environmentally responsible aspects into account. This is all part of social sustainability. On the other hand, businesses appeared to have a constrained or limited understanding of corporate social responsibility. The majority of businesses achieve social sustainability by making charitable contributions to the underprivileged and orphaned (Zainoddin *et al.*, 2018). Diverse forms of social sustainability, such as product responsibility and inclusivity practices, can be carried out in addition to donations. However, because of the enterprises' lack of commitment to implementing social sustainability, there is a notable disparity in the stakeholders' comprehension and awareness of the real situation (Shari & Soebarto, 2012). According to Sundström *et al.* (2019), social sustainability is still lacking from the organization's operational activities in developing nations and is viewed as less significant than environmental and economic sustainability. This situation makes it more difficult to achieve social sustainability and gain acceptance in Malaysia, particularly among industry participants.

Mani *et al.* (2018) noted that there are still few studies on social sustainability. As such, there is a need to close the knowledge gap (Yawar & Seuring, 2017). As a result, little is known about social sustainability initiatives and outcomes, particularly in MFIs as a whole. Thus, this study's purpose is investigating strategic management techniques and how it affects MFIs' social sustainability performance. Understanding social sustainability among MFIs by taking into account four important factors— safety and health practices, product responsibility, environmental practices, and inclusivity practices, —was made possible by the findings. Additionally, understanding the relationship would help develop social sustainability policy measures and techniques that would allow industrial players like microfinance banks to improve the lives of millions of people both domestically and internationally.

### **1.1.3 An Overview of Microfinance Institutions in Kenya**

Despite the economic slowdown brought on by the "wait and see" attitude in the run-up to the general elections in 2022, the Kenyan microfinance sector performed admirably in FY 2022 and H1 2023. However, a number of macroeconomic shocks

have increased repayment defaults, which has impacted households' and businesses' capacity to repay loans. As a result, NPL ratios have increased; as of June 30, 2023, they were estimated to be 6.2% for wholesale microfinance institutions, 11.6% for credit-only microfinance institutions, and 32.9% for microfinance banks (Agusto & Co., 2023). Furthermore, the industry is still struggling with growing operating costs as a result of the continuous increase in inflation that was seen in 2022 and H1 of 2023 in addition to the higher costs associated with complying with the new laws. International investors have continued to increase their interests within the sector which has resulted to 3/14 Microfinance Banks being acquired in FY 2022.

In 2022, several developments such as Digital Credit Providers (DCPs) The Central Bank of Kenya (CBK) regulations were among the many developments that the industry witnessed. The regulation required that DCPs that were still unregulated needed to make license applications to the Central Bank of within six months or stop operating. Only 32 applicants have acquired DCP licenses to operate in the nation as of June 30, 2023. According to an acknowledgment made by the CBK, since the regulation, there were over 400 applications made but still being reviewed. It is anticipated that granting licenses to digital credit providers will increase investor confidence and supply previously unregulated credit-only microfinance businesses with fresh capital.

As of 2023, microfinance organizations were still launching brand-new, cutting-edge products and revamping the ones that already existed, all with the potential to significantly increase sustainability by adding green loan products to their portfolio. Along with operational effectiveness, pricing is still a crucial component of the competitive environment. Despite the growing cost of operations, the lending rates of MFIs have been lowered in anticipation of possible regulatory supervision due to the ongoing DCP licensing system. The main risk that 63.9% of MFIs faced was credit risk. The adoption of the Finance Act 2023 facilitating the aggressive tax collection regime led to household disposable income decreasing, making it harder for these MFIs to service their current debt lines. Additionally, as a result of growing interest from foreign investors in the microfinance sector to expand their financial services offerings in Kenya and the region, MFIs are becoming more interested in obtaining the necessary accreditations from regulatory agencies and independent credit ratings in order to attract

potential financing partners. All of these new issues pose a barrier to MFI sustainability in Kenya. Therefore, this study hypothesised that, by adopting effective strategic management practices, the MFIs could be able to withstand the different concerns and challenges and hence remaining relevant and sustainable throughout their operations.

#### **1.1.4 Microfinance Institutions in Kitui County**

Microfinance institutions (MFIs) in Kitui County play a vital role in providing financial services to low-income individuals, small-scale entrepreneurs, and underserved populations. Kitui, a semi-arid region in eastern Kenya, relies heavily on agriculture and small businesses, and MFIs support these sectors by offering microloans, savings products, and financial literacy programs. However, the majority of MFIs in the region are faced with challenges such as limited access to capital, high operational costs, and difficulties in loan recovery, particularly due to the unpredictable climate that affects agricultural productivity (Mutua et al., 2020). Additionally, while MFIs in Kitui contribute to economic empowerment and poverty reduction, their outreach is often constrained by infrastructure and market access, limiting their ability to fully serve the rural and remote populations (Omondi & Otieno, 2019). Despite these challenges, the institutions remain key players in promoting financial inclusion and supporting local economic development.

#### **1.2 Statement of the Problem**

One of the key elements that help institutions and businesses to thrive is having a solid strategy. According to Ndirangu (2013), strategic management is a useful technique that businesses may employ to attain their aims and objectives rather than a philosophy. The major components of strategic management practices as utilized by various authors include strategic planning, strategy formulation, implementation and evaluation. These components have been proved to positively influence the performance of organizations in different industries (Ishimwe, 2021; Uwanyiligira, 2020; Ali & Qun, 2019; Babel'ová *et al.*, 2018). As a result, the researcher sought to assess them in the context of the social sustainability of microfinance institutions in Kenya.

In order to support their varied purposes of reducing poverty, MFIs have historically been securing financial support from various stakeholders including NGOs through grants, contributions, and donations from both local and international groups. Donations and subsidies by themselves, however, are insufficient to sustain the MFI sector's expansion and growth (D'Espallier, Hudon, & Szafarz, 2013), and some

practitioners and policymakers stress the donor financial support's long-term viability. Due to this circumstance, organizations that focus on profits have emerged, like MFIs that are commercial, whose objective is making profit in order to maintain their financial viability. MFIs face a problem in fulfilling their dual missions of social and financial performance. They frequently lose sight of their social goal in favour of their financial independence or prosperity. Conversely, profitability and sustainability of MFIs that pay attention towards meeting their social missions is likely to be threatened (Fadikpe, *et al.*, 2022).

Social sustainability remains a significant challenge among microfinance institutions (MFIs) in Kenya, particularly in ensuring long-term social impacts that benefit low-income populations. According to Ouma and Rambo (2018), many MFIs struggle with integrating social goals, such as poverty alleviation and financial inclusion, alongside their financial objectives. For instance, despite a substantial growth in the sector, only 39% of the rural population in Kenya including Kitui County is served by MFIs, indicating a gap in reaching marginalized communities (Microfinance Barometer, 2019). This limited outreach, coupled with high-interest rates averaging 30%, raises concerns about the institutions' ability to contribute to the social well-being of vulnerable groups, thus hampering social sustainability (Ouma & Rambo, 2018).

Ouma *et al.* (2022) found that only 37% of MFIs in sub-Saharan Africa report meeting both financial and social objectives, with the remainder citing difficulties due to limited resources and organizational constraints. Additionally, a significant percentage (56%) of MFIs in a study conducted by the African Microfinance Consortium (2021) struggled to deliver consistent social impact measurements, often lacking the frameworks to assess their social contributions effectively. Furthermore, in a survey conducted by Ndungu and Njogu (2021) across 150 Kenyan MFIs, 45% reported challenges in maintaining consistent social programs due to fluctuating funding sources, while 32% admitted to deprioritizing social initiatives to focus on financial sustainability. It was, therefore, interesting to conduct a study to assess the social sustainability of MFIs in Kenya an area that has received little or no attention from researchers. In terms of conceptual gap, most studies (Gichuhi, 2022; Kayembe *et al.*, 2021) conducted on MFIs solely focused on the financial stability. Additionally, an early study by Waitthaka (2013) focused on the social performance MFIs in general and the factors influencing

it. The study failed to link the social performance with strategic management practices. Hence, to fill this gap, there was a need for this study to be conducted to assess strategic management practices and how they influence social sustainability of MFIs within Kitui County, Kenya.

### **1.3 Research Objectives**

#### **1.3.1 General Objective**

This study's general objective was examining how strategic management practices influence the social sustainability of microfinance institutions in Kitui County, Kenya.

#### **1.3.2 Specific Objectives**

- i. To examine the ways in which strategic planning influences the social sustainability of Microfinance institutions in Kitui County, Kenya.
- ii. To establish how strategy implementation influences social sustainability of Microfinance institutions in Kitui County, Kenya.
- iii. To find out the influence of strategy evaluation on the social sustainability of Microfinance institutions in Kitui County, Kenya.

### **1.4 Research Questions**

- i. What is the influence of strategic planning on the social sustainability of Microfinance institutions in Kitui County, Kenya?
- ii. How does strategy implementation influence social sustainability of Microfinance institutions in Kitui County, Kenya?
- iii. To what extent does strategy evaluation influence the social sustainability of Microfinance institutions in Kitui County, Kenya?

### **1.5 Significance of the Study**

Different stakeholders could benefit from this research. These include MFIs, government and regulatory bodies, investors and donors, academic and research community.

#### **1.5.1 Management of MFIs**

With regard to the Microfinance Institutions, this study may be of significance in helping them to understand the role that strategic management practices plays in impacting their social sustainability. Therefore, the findings that will be obtained from

the study could guide them in refining their strategies to better align with social and sustainable goals.

### **1.5.2 Government and Financial Regulatory Bodies**

The government and regulatory bodies may also find this study to be of significance. They may use this study to assess the effectiveness of existing regulations and policies related to microfinance. The findings could inform policy decisions aimed at promoting social sustainability in the microfinance sector.

### **1.5.3 Investors and Donors**

Additionally, the investors and donors who support or invest in MFIs would find this study to be of interest. Through the findings, they may be able to evaluate the social impact of their investments. This information can influence future investment decisions and funding allocations.

### **1.5.4 Clients and Beneficiaries of the MFIs**

The clients and beneficiaries of the MFIs may also benefit. This is whereby understanding how strategic management practices affect social sustainability may help in tailoring services that are able to adequately address the needs of consumers.

### **1.5.5 Academic and Research Community**

Lastly, the academic and research community may also find this study to be of significance. This is whereby the scholars, researchers, and academics in the fields of finance, strategic management, and social sustainability may use the study as a reference for further research and academic purposes.

## **1.6 Scope of the Study**

This main focus was on strategic management practices and social sustainability of microfinance institutions. The following were the study's specific independent variables; strategic planning, strategy implementation, and strategy evaluation. The geographical delimitation of this study was microfinance institutions in Kitui County, Kenya. The targeted population included the managers operating in the MFIs. This study was expected to take eight months that is from February 2024 to October 2024.

## **1.7 Limitations of the Study**

One of the major limitations that was experienced in this study was obtaining data during the field work. This is whereby some of the sampled leaders had busy schedules and therefore it was a challenge getting them. However, in addressing this limitation so as to ensure that adequate respondents were obtained, the leaders were given an extended period of time so as to complete the survey. However, those who were not

able to complete within the schedule time frame were left out. Another limitation of this study is that it was conducted among MFIs in Kitui County. Therefore, its generalization of findings to other counties could be a problem. To address this limitation, other studies could be done across all the MFIs in Kenya so as to provide findings that could be generalized to all the MFIs.

### **1.8 Chapter Summary**

This research's themes were discussed from a global to a local perspective, including social sustainability and strategic management of MFIs. Furthermore, the chapter also managed to provide the specific objectives of the study as well as the research questions, significance of the study and the scope under which the study's parameters were confined to. The second chapter, which was literature review, also made use of the factors that were discovered and adopted in this chapter.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

Strategic management and social sustainability literature was covered here. The literature was obtained from online publications, journals, books and articles. In terms of organization and structuring, the chapter covered the theoretical and empirical literature review. Other sections in the chapter included summary and research gap, conceptual framework, and chapter summary.

#### **2.1 Theoretical Literature Review**

The theories guiding the study examined in this section included Triple Bottom Line (TBL) theory, Resource-based view theory and Delta Model.

##### **2.2.1 Resource-based View (RBV) theory**

Birger Wernerfelt and Jay Barney were among the first to promote the Resource-Based View (RBV) theory. The 1991 paper "Firm Resources and Sustained Competitive Advantage," in particular, is credited for helping to establish the RBV framework. The theory gained popularity in the strategic management literature in the latter half of the twentieth century, and it has had a considerable impact on our understanding of how organizations can gain and sustain a competitive advantage by leveraging their unique and valuable resources.

According to Peteraf and Barney (2013), RBV assumes that firms are heterogeneous in terms of their resource endowments, and these resources vary in their ability to generate sustained competitive advantages. Key assumptions include the immobility of certain resources, resource heterogeneity across firms, and the role of organizational capabilities in leveraging these resources. The theory posits that for attaining competitive advantage that is sustainable, firms should identify and exploit their unique, inimitable and valuable resources to achieve a sustainable competitive advantage.

There are several advantages of RBV theory. This theory lays emphasis on the competitive advantage of the organizations. It shifts the focus from industry structure to the firm's internal capabilities and resources, offering a more internal and dynamic perspective on strategy. Additionally, RBV encourages a long-term perspective by emphasizing sustained competitive advantage rather than short-term profitability. RBV

allows for a customized, firm-specific approach to strategy, acknowledging that not all resources are equally valuable for every organization (Barney, 2015).

On the other hand, there are several weaknesses that have been highlighted concerning the theory. One of the weaknesses is the lack of practical guidance. This is whereby some critics argue that RBV provides limited practical guidance on how firms can identify, develop, and leverage their resources effectively. RBV has also been criticized for its static nature, hence fails to fully capture the changing nature of competitive advantage in fast-paced industries. Identifying which resources are truly valuable and unique can be challenging, and the theory does not offer a clear methodology for this process.

Despite the weaknesses highlighted concerning RBV theory, it found relevance and applicability in the current research. In the context of microfinance institutions (MFIs), RBV can be applied to understand how strategic planning influences social sustainability. By identifying and leveraging unique resources, such as strong community relationships, innovative financial products designed to the requirements of clients with small income, or a skilled and motivated workforce, MFIs can gain a competitive advantage. Strategic planning in MFIs should involve the identification and alignment of resources that contribute not only to financial performance but also to social sustainability. For instance, a well-designed strategic plan may involve investments in staff training, technology for efficient service delivery, and community engagement initiatives. The RBV framework helps in evaluating the sustainability of these resources in contributing to the social mission of MFIs. This is especially true given the fiercely competitive and ever-changing business climate that MFIs operate in; for this reason, it's important to know how ready and able the MFIs are to mobilize their resources in order to maintain their operations (Lado, Boyd, Wright, & Kroll, 2015).

RBV offers a valuable lens for understanding how the strategic planning process of microfinance institutions influences their social sustainability. By emphasizing the role of unique and valuable resources in gaining a sustainable competitive advantage, RBV encourages MFIs to align their strategies with both financial performance and positive social outcomes. Recognizing the importance of specific resources such as social

capital, community trust, and tailored financial products in strategic planning can enhance the ability of MFIs to achieve social sustainability alongside economic viability.

### **2.2.2 Triple Bottom Line (TBL) theory**

To support the RBV, the Triple Bottom Line (TBL) idea is also used. John Elkington introduced it in 1994. Elkington (1994) advocated that enterprises be evaluated and governed not only on their financial success, but also on their effects on society and the environment. The TBL has three dimensions: people (social), profit (economic), and planet (environmental). The TBL framework allows firms to think about their broader social and environmental effect in addition to their financial aims.

TBL theory assumes that organizations have a responsibility to go beyond profit maximization and consider their social and environmental impacts. It presupposes that these three dimensions are interconnected and that sustainable business practices require a holistic approach. The theory suggests that achieving success in one dimension should not affect the others and that a balance is necessary for long-term viability.

TBL provides a holistic perspective on organizational performance, considering environmental, social and economic aspects. Another advantage is emphasis on enhanced reputation. This is whereby organizations that prioritize social and environmental responsibility may enhance their reputation, leading to increased customer loyalty and positive stakeholder perceptions. By considering social and environmental impacts, TBL encourages that instead of paying attention towards the short-term profit maximization, attention should be paid towards the long-term sustainability (Kenton, 2023).

There are several criticisms that have been raised concerning the theory. According to Miller (2020), one of them is on the measurement challenges. Quantifying and measuring social and environmental impacts can be challenging, leading to difficulties in comparing or benchmarking TBL performance. Additionally, organizations may face trade-offs between economic, social, and environmental goals, making it challenging to optimize all three dimensions simultaneously (Scerri, 2012). Another limitation is on

subjectivity. This is whereby TBL requires subjective judgments in assessing social and environmental performance, leading to potential bias or inconsistencies.

This theory finds its applicability in this study. The adoption of this theory helps the researcher to understand how evaluation and strategy implementation influenced MFIs' social sustainability. Notably, during strategic implementation, MFIs can focus on integrating environmental and social considerations into their operations. This might involve implementing responsible lending practices, promoting financial education, and adopting environmentally sustainable practices. Strategic evaluation, within a TBL framework, would assess the economic, social and environmental outcomes of implemented strategies.

The TBL theory offers a valuable framework for microfinance institutions to integrate social sustainability considerations into their strategic implementation and evaluation processes. By aligning strategic initiatives with economic, social, and environmental goals, MFIs can contribute to the well-being of the communities they serve while ensuring their long-term viability. Strategic implementation can involve initiatives such as expanding financial inclusion, fostering community development, and implementing environmentally responsible practices. Evaluation within a TBL framework helps ensure that the social impact is measured alongside financial performance, reinforcing the commitment of MFIs to a triple bottom line approach.

### **2.2.3 Delta Model**

The Delta Model was developed by Arnaldo C. Hax and Dean L. Wilde in the late 1990s. Arnaldo C. Hax, a professor at the MIT Sloan School of Management, sought to provide a new framework for strategic management that moved beyond the traditional competitive models like Porter's Five Forces. The Delta Model emphasizes customer bonding, integrated strategic positioning, and the creation of a sustainable competitive advantage through differentiation and alignment (Hax, 2010). Over time, the model has evolved to include more nuanced strategies for understanding and responding to customer needs, as well as the importance of adaptive processes in strategy implementation (Somers, 2023).

According to Hax (2010), the Delta Model operates on several key assumptions. First, it makes the assumption that the main goal of a business is to create strong, lasting

bonds with customers rather than just competing on product or price. Second, it posits that companies can achieve competitive advantage through different pathways: offering the best product, providing total customer solutions, or creating system lock-in. Third, the model assumes that strategic success is derived from aligning internal capabilities and resources with external opportunities and customer needs. Finally, it recognizes the dynamic nature of markets, suggesting that in order to continue being relevant, companies ought to adapt their strategies on a continuous basis (Hax, 2010).

The Delta Model has several notable strengths. Its customer-centric approach ensures that companies focus on creating value for customers, which can lead to stronger customer loyalty and competitive advantage (Hax, 2003). The model's flexibility allows firms to choose from different strategic options based on their unique strengths and market conditions (Corporate Finance Institute, 2023). Additionally, the Delta Model's emphasis on integrated strategy helps organizations align all their activities and resources around a coherent strategic position, enhancing overall effectiveness. By recognizing the importance of adaptive processes, the model also encourages continuous improvement and responsiveness to market changes. This holistic view makes it applicable to a wide range of industries and business scenarios (Mulder, 2023).

Despite its strengths, the Delta Model also has some weaknesses. One potential drawback is the complexity of implementation, as aligning all organizational activities with a chosen strategic option can be challenging. The model's broad focus on customer bonding could have challenges among companies to achieve in practice, especially those operating in highly competitive or commoditized markets. Additionally, the model assumes that companies have the ability to accurately identify and respond to customer needs, which may not always be the case. Furthermore, the emphasis on continuous adaptation may require significant resources and management attention, which can be difficult for smaller firms or those with limited capabilities.

In this study, the Delta Model was shown to be effective in addressing how strategic management practices affected MFIs social sustainability. By adopting a customer-centric approach, MFIs can focus on creating strong bonds with their clients, which is crucial for achieving social sustainability. The Total Customer Solutions strategy can help MFIs come up with products and services that meet the specific needs of their

clients, thereby enhancing social impact. The System Lock-In strategy can ensure long-term engagement with clients, promoting financial inclusion and stability. Moreover, the model's emphasis on adaptive processes can help MFIs continuously improve their strategies in response to changing social and economic conditions. By aligning their strategic management practices with the principles of the Delta Model, MFIs can enhance their social sustainability while achieving competitive advantage.

## **2.2 Empirical Literature Review**

An overview of empirical research on the sustainability of Kenyan microfinance institutions and their use of strategic management approaches is provided in this chapter. The section is arranged in accordance with the primary goals of the research.

### **2.2.1 Strategic Planning and Sustainability**

In order to fully characterize the influence of sustainability strategic planning and management (SSPM) on organizational sustainable performance in the context of developing nations, Thaher and Jaaron (2022) conducted a study. The approach used as a research design was a combination of techniques to gather data, with 126 organizations working in the most polluting private manufacturing sectors in Palestine being the target of both an interview and a survey. Partially least squares structural equation modeling (PLS-SEM) and thematic analysis were employed in the analyses. The data analysis results confirm that SSPM has a favorable effect on the economic, ecological, and social elements of organizational sustainable performance.

Dwikat, Arshad, and Mohd Shariff (2022) evaluated the effects of systematic strategic planning (SSP) and strategic business innovation (SBI) on the long-term performance (SP) of Palestinian manufacturing SMEs. Resource-Based View (RBV) and The Triple Bottom Line (TBL) theories were applied. Partial least squares structural equation modeling was used to analyze 245 valid surveys with 377 respondents. The findings show that implementing appropriate strategic business innovation (SBI) and systematic strategic planning (SSP) at the level of the business in a collaborative culture and participatory management style positively influences and enhances the long-term performance of SMEs in the manufacturing sector.

The goal of Solomon and Sije (2022) was to ascertain how strategic planning techniques affected Save the Children International's performance. The study examined the effects

of financial allocation, strategic communication, environmental analysis, and strategic decision-making procedures on Save the Children's performance. The theories of strategy fit, stakeholders, and resource reliance served as the foundation for the investigation. The research design utilized was descriptive. Targeted were 46 Save the Children professionals, including program officers, administrative officers, officers in charge of communication and dissemination, and community workers. Acquiring data was made possible through a census. Data was gathered by means of questionnaires. To analyze the data, SPSS version 25 was employed. The data in this study were described using central tendency measures. Tabular presentations were given. The findings established that governance, strategic decision-making, financial allocation, and environmental analysis all contribute to an organization's performance. Additionally, it was determined that SCI does not use contemporary communication technologies and operates in politically and culturally unfavorable circumstances, all of which have had a significant negative impact on its performance.

In Kenya, a study by Kefa and Iravo (2018) focused on strategic planning and how it influenced performance. The goals were to determine how goal-setting affected the expansion of organizations, investigate the presence of strategic plans and how they affect the performance of non-governmental organizations, and evaluate the impact of budgetary allocations on the expansion of organizations. 350 managers at the senior, intermediate, and supervisory levels made comprised the target population. 186 responders in total were chosen at random from the categories. Data was analysed using descriptive techniques. It was noted that One Acre Fund's decisions, direction, and goal-setting significantly influenced strategic planning and nongovernmental organizations' effectiveness.

Mueni and Nyang'au (2019) concentrated on the influence of strategic planning on performance when studying deposit-taking MFIs. The study's objective was to ascertain the effects of marketing strategies, goal-setting, budgeting plan strategy, and strategic management decisions on MFI performance in Kenya. Stakeholder theory, asymmetric information theory, contingency theory, and resource-based theory were used and descriptive survey research design adopted. 52 senior management employees and junior employees of the Kenya Women Finance trust head office participated in the survey, which used a census sample method. Data was gathered using questionnaire

and descriptively analysed using SPSS. The findings showed that all of the predictor variables—budgetary plan strategy, goal-setting, strategic management decisions, and marketing strategies—were significant performance factors. The results also showed a favorable correlation between performance and marketing strategies, management strategic choices, goal-setting, and budgetary plan strategy.

### **2.2.2 Strategy Implementation and Sustainability**

A study by Zhang and Li (2022) examined how effective strategy implementation affects organizational sustainability in the manufacturing sector in China. The target population was 200 mid-sized manufacturing firms in China's industrial regions, and the sample size consisted of 150 firms selected through stratified random sampling. Data were collected using structured questionnaires and interviews with senior managers and department heads. The study adopted the Resource-Based View (RBV) and Stakeholder Theory to explain the relationship between internal capabilities, external pressures, and sustainability. Data analysis was conducted using structural equation modeling (SEM) to assess the influence of strategy implementation on sustainability dimensions, including economic, environmental, and social factors. The findings revealed that effective strategy implementation significantly enhances sustainability, with 68% of the firms showing improved environmental and social performance alongside economic growth due to clear strategic alignment and resource allocation.

Onyegbula, Nwoye, and Daniel's (2023) study evaluated how strategy execution affects the effectiveness of supervisory and regulatory organizations that work in Nigeria's financial services industry. In particular, this study evaluated the effects of organizational structure, resource availability, strategic leadership, strategic communication, and technological adaption on agency performance. This study employed a descriptive research approach to collect primary data, interviewing 342 personnel from the CBN, NDIC, SEC, and NAICOM. The gathered data was analyzed using both descriptive and inferential statistics. The results of the ordinary least squares (OLS) regression revealed a positive and statistically significant (at 5%) relationship between organizational performance and resource availability, leadership strategy, communication that is strategic, technology adaptation, and organizational structure. According to the study's findings, strategies' execution can significantly affect the

performance of Nigeria's supervisory and regulatory organizations within the financial sector.

The performance and strategy implementation of Kenya's Nairobi County's microfinance institutions were the main topics of Kianda and Kitur's (2021) study. The way a plan was implemented was gauged by its organizational structure. Configuration theory, Kurt Lewin's theories of motivation, and contingency theory all provided support for the resource-based view theory, which acted as the anchor theory. A stratified random sample technique was employed to gather data using questionnaires from 153 respondents, comprising non-management staff, supervisors, and senior management. The study's design was descriptive. The study concluded that performance and organizational structure were positively correlated. A change in organizational structure might account for a unit change in performance, according to the regression analysis, that indicated a fairly significant association between performance and structure.

Okwemba and Njuguna (2021) aimed to investigate if Chemelil Suga Company's performance in Kisumu County, Kenya, might be impacted by the implementation of a strategy. The resource-based view hypothesis served as the study's foundation. It was decided to use a descriptive research design. Department heads made up of a sample of sixty respondents were asked questions in order to gather data. In the data analysis, inferential well as descriptive statistics were employed. The study's conclusions showed that strategy implementation had a beneficial effect on performance. Communication, structure, stakeholders, and resource allocation all affect how a strategy is implemented. Strategy implementation and Performance have a high positive link, according to the correlation study. The implementation of a strategy can account for 42.4% of the variance in organizational performance, according to the coefficient of determination ( $r^2=.424$ ). According to the regression results, strategy implementation and performance are positively and strongly correlated.

Muchomba (2018) concentrated on the expansion of SACCOs in Tharaka Nithi County and the implementation of strategies. The key goals included determining the roles that market development, direct sales, and product development methods play in the expansion of multinational SACCOs. Sixty six (66) managers formed the study's

sample size. This was obtained using census data. Tables, graphs, and charts were utilized in displaying the data once processed through the Statistical Package for Social Sciences (SPSS). The results showed that market development, direct sales, and product development methods were responsible for Trans Nation SACCO's expansion. The use of strategies (product development, market development, and direct sales strategies) explained seventy one point two percent (71.2%) of the variation in the growth of the national Sacco in the 28th period, according to the R-squared set at 0.712.

The goal of Rono, Theuri, Ahmed, and Kising'u (2018) was to determine how strategy implementation affected the long-term viability of community-based tourism in Kenya's coastal region. 193 people made up the target demographic. The secondary and primary data gathering instruments for the study were documented literature and structured questionnaires. A positive correlation existed between the sustainability of community-based tourism and the strategy's execution. The study's data demonstrates that businesses must implement their strategies in order to be sustainable.

### **2.2.3 Strategy Evaluation and Sustainability**

A study by Ivanova and Petrov (2021) explored the impact of strategy evaluation on the sustainability of energy companies in Europe. The target population was 100 large energy firms across Europe, with a sample size of 85 firms selected through purposive sampling. Data were gathered using structured questionnaires and in-depth interviews with strategic managers and sustainability officers. The study was grounded in the Contingency Theory and the Balanced Scorecard (BSC) framework to assess how strategy evaluation aligns with sustainability goals. Multiple regression analysis was used to examine the relationship between systematic strategy evaluation and sustainability outcomes in the economic, environmental, and social dimensions. The findings showed that firms that regularly evaluated their strategies experienced a 55% improvement in sustainability performance, particularly in areas of environmental compliance and social responsibility, due to the continuous alignment of objectives with external and internal conditions.

In South Sudan, a study by Sylvia (2021) evaluated how strategic evaluation and control evaluated Juba's SMEs' financial performance. Cross-sectional study design was employed. According to the Republic of South Sudan's Ministry of Justice and

Constitutional Affairs, as of 2019, 4,951 registered companies made up the population targeted. The sample size comprised of 381 registered SMEs in Juba, South Sudan. Utilizing the constructed questionnaires, data was gathered. Strategic review methods had a significant impact on the financial success of SMEs in Juba. The effect of strategic reviews on the financial success of SMEs in Juba, South Sudan, lessens as the government's laws get more complex.

Okwemba and Njuguna (2021) investigated how Chemelil Sugar Company's performance in Kisumu County, Kenya, was impacted by strategy assessment. The study employed a descriptive research design. Sixty department heads, section heads, superintendents, and foremen made comprised the target population. The research carried out a survey. The study discovered a significant positive correlation between strategy appraisal and performance. The coefficient of determination was discovered to be 25.5%, meaning that strategy evaluation accounted for 25.5% of the performance variances and other factors for the remaining 74.5%. The results of the regression revealed a favorable and substantial link between strategy appraisal and performance. According to findings, performance increases by 0.587 units for every unit increase in strategy evaluation when all other factors are held constant. It was also determined that strategy evaluation helps establish organizational direction since it guarantees adherence to the organizational vision and streamlines activities to certain goals or targets.

Gaturu, Waiganjo, Bichang'a, and Oigo (2017) focused on the healthcare industry in an effort to determine how strategic evaluation affected missionary-run hospitals' performance in Kenya. A descriptive survey study design was chosen, and 146 respondents' answers to questionnaires were gathered. Descriptive statistics, which are quantitative, were analyzed using the t-test and Pearson correlation. A sig value of 0.000 was found in the investigation, which is less than a sig value of 0.005. As a result, it was determined that the means of the two groups differed significantly. This indicates that organizational performance and strategy evaluation have a substantial link.

### **2.3 Summary and Research Gaps**

From reviewed literature, there are several gaps identified. These gaps included conceptual, contextual, geographical, and theoretical gaps. With regard to the

conceptual gap, it was evident that there are several studies reviewed that have been done on strategic management components such as strategic planning, strategic implementation, and strategic evaluation. These components form part of this study. However, in terms of the dependent variable, the reviewed studies concentrated on other concepts such as organizational performance, financial performance, sustainability in general and organizational growth. However, little had been done or was known with regard to social sustainability aspect. Therefore, to fill this conceptual gap, this study focused on the different components of strategic management practices and how they influenced social sustainability of organizations.

Concerning the contextual gap, the reviewed studies were carried out in different industries such as the SMEs, manufacturing industry, NGOs, health care sector, and tourism industry. The studies carried out in the financial sector had focused on areas such as the deposit taking MFIs, regulatory and supervisory agencies, and SACCOs. The study carried out in the MFIs was delimited in scope in that it only covered Nairobi County. Moreover, the other studies had been done in different geographical scope. This study however focused on the social sustainability of MFIs in Kitui County, Kenya.

With regard to the theoretical gaps, the reviewed studies had been anchored by various theories such as Strategy Fit Theory, Triple Bottom Line (TBL), contingency theory, Porter’s model of competitive advantage, Theory of Resource Dependency, Theory of Stakeholders, and resource based theory among others. This study however delimited itself to only the Triple Bottom Line (TBL) and resource based view theory. This gave the study a better position to deeply integrate these theories in understanding the influence of strategic management practices and social sustainability of MFIs in Kitui County, Kenya.

**Table 1: Summary of Empirical Studies and Knowledge Gap**

<b>Author(s)</b>	<b>Study</b>	<b>Findings</b>	<b>Knowledge Gap</b>	<b>Focus of Current Study</b>
Thaher and Jaaron (2022)	Influence of sustainability strategic	SSPM has a favorable effect on the economic,	- Carried out in Pakistan	- Carried out in Kitui county, Kenya

	planning and management (SSPM) on organizational sustainable performance	ecological, and social elements of organizational sustainable performance	- Focused in the manufacturing industry	- Focused on microfinance institutions.
Dwikat, et al. (2022)	Effects of systematic strategic planning (SSP) and strategic business innovation (SBI) on the long-term performance (SP) of Palestinian manufacturing SMEs	Implementing appropriate strategic business innovation (SBI) and systematic strategic planning (SSP) at the level of the business in a collaborative culture and participatory management style positively influences and enhances the long-term performance of SMEs.	- Carried out in Pakistan - Focus is on manufacturing industries - dependent variable was performance	- Carried out in Kitui county, Kenya - Focused on microfinance institutions. - Dependent variable was sustainability.
<b>Author(s)</b>	<b>Study</b>	<b>Findings</b>	<b>Knowledge Gap</b>	<b>Focus of Current Study</b>
Solomon & Sije (2022)	To ascertain how strategic planning techniques affected Save the Children International's performance	Governance, strategic decision-making, financial allocation, and environmental analysis all contribute to an organization's performance	- Focused on NGOs - Focused on performance	- MFIs - Sustainability

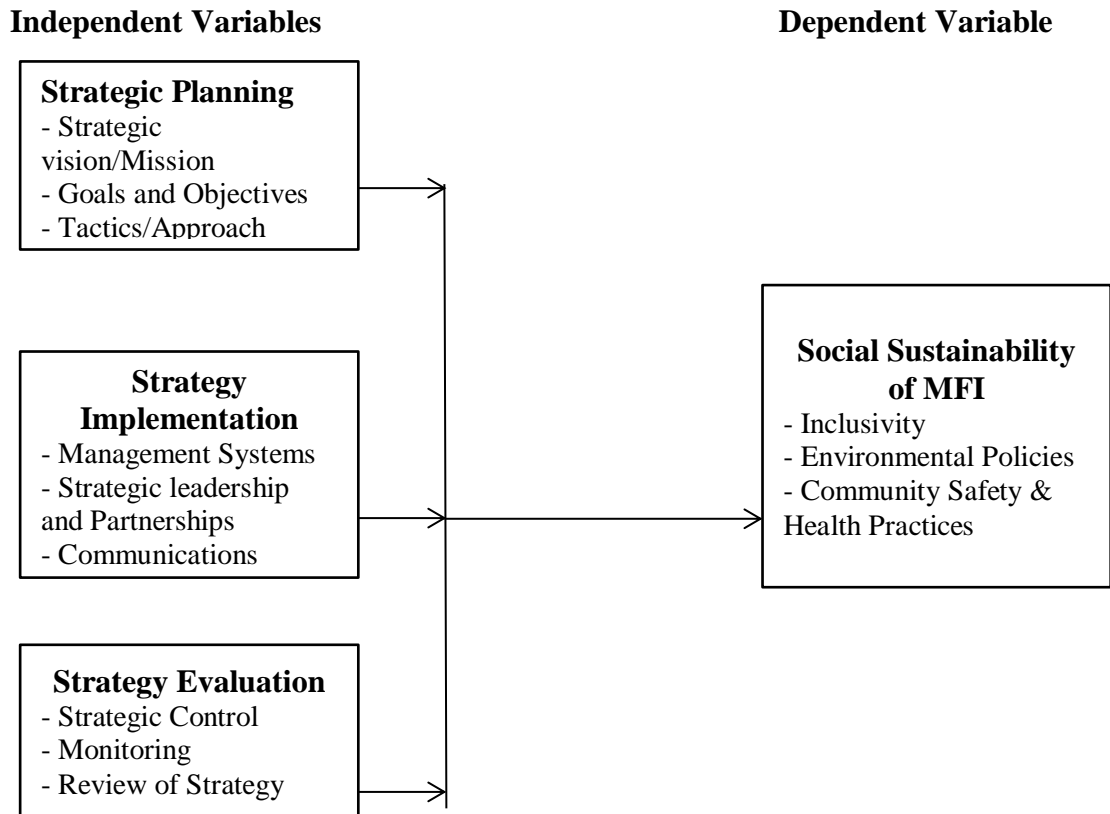
Kefa and Iravo (2018)	Strategic planning and how it influenced performance	It was noted that One Acre Fund's decisions, direction, and goal-setting significantly influenced strategic planning and nongovernmental organizations' effectiveness	- Performance - NGOs	- MFIs - Sustainability
Zhang and Li (2022)	How effective strategy implementation affects organizational sustainability in the manufacturing sector in China	Effective strategy implementation significantly enhances sustainability	- China - Manufacturing industry	- Kitui County, Kenya - MFIs
Onyegbula, et al. (2023)	How strategy execution affects the effectiveness of supervisory and regulatory organizations that work in Nigeria's financial services industry	Strategies' execution can significantly affect the performance of Nigeria's supervisory and regulatory organizations within the financial sector.	- Nigeria's Financial services industry - Performance	- MFIs in Kitui County, Kenya - Sustainability

Kianda & Kitur's (2021)	Performance and strategy implementation of Kenya's Nairobi County's MFIs	Performance and organizational structure were positively correlated	- Nairobi County - Performance	- Kitui County - Sustainability
<b>Author(s)</b>	<b>Study</b>	<b>Findings</b>	<b>Knowledge Gap</b>	<b>Focus of Current Study</b>
Okwemba & Njuguna (2021)	To investigate if Chemelil Suga Company's performance in Kisumu County, might be impacted by the implementation of a strategy	The study's conclusions showed that strategy implementation had a beneficial effect on performance.	- Manufacturing industry - Performance	- MFIs - Sustainability
Muchomba (2018)	Concentrated on the expansion of SACCOs in Tharaka Nithi County and the implementation of strategies	Strategy implementation explained seventy one point two percent (71.2%) of the variation in the growth of the national Sacco	- Tharaka Nithi - SACCO Expansion	- Kitui County - Sustainability of MFIs
Ivanova & Petrov (2021)	The impact of strategy evaluation on the sustainability of energy companies in Europe	Firms that regularly evaluated their strategies experienced a 55% improvement in sustainability performance, particularly in areas	- Europe - Energy companies	- Kitui County, Kenya - Sustainability of MFIs

		of environmental compliance and social responsibility.		
Sylvia (2021)	How strategic evaluation and control evaluated Juba's SMEs' financial performance	Strategic review methods had a significant impact on the financial success of SMEs in Juba.	- Juba, South Sudan - SME's financial performance	- Kitui County, Kenya - Sustainability of MFIs
Gaturu, et al. (2017)	To determine how strategic evaluation affected missionary-run hospitals' performance in Kenya	Organizational performance and strategy evaluation have a substantial link.	- Healthcare industry - Organizational performance	- MFIs - Organizational sustainability

#### 2.4 Conceptual Framework

Strategic management techniques were the independent variable that was thought to influence the dependent variable, the sustainability of MFIs in Kenya. The relationship between the variables is as summarized in Figure 1.



**Figure 1: Conceptual Framework**

As conceptualized, the main indicators used in measuring strategic planning included strategic vision/mission, goals and objectives, and the developed tactics/approach of operation. Hence, the study measured how these indicators influence sustainability of MFIs. Strategy implementation was measured using the management systems adopted by MFIs in implementing their strategies which are targeted towards sustainability. Moreover, strategic leadership and partnerships that the MFIs utilize in their operations and communication systems were used for measuring strategy implementation. By examining the sustainability control and monitoring methods that the MFIs employ, strategy evaluation was gauged. The researcher evaluated the degree to which the MFIs' sustainability strategy reviews influenced the organizations' overall sustainability. The resources available, the organization's size, culture and policy were used to gauge its characteristics. The researcher therefore aimed to determine how this variance affected the connection between strategic management and MFI sustainability in Kenya.

**2.5 Operationalization of Variables**

According to Shuttleworth (2023), operationalization is the methodical process of transforming variables into elements that can be measured. The process provides

definitions for fuzzy conceptions and enables both quantitative and empirical measurement of them. The operationalization of the research variables is in Table 2.

**Table 2: Operationalization of the Study Variables**

<b>Variables</b>	<b>Indicators</b>	<b>Variable Type</b>	<b>Measurement</b>	<b>Measurement scale</b>	<b>Type of Scale</b>
Strategic Planning	- Strategic vision/Mission - Goals and Objectives - Tactics/Approach	Independent Variable	- Descriptive Statistics - Means, Standard Deviation, Frequency, Percentage - Tables	5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree	Likert Scale
Strategy Implementation	- Management Systems - Strategic leadership and Partnerships - Communications	Independent Variable	- Descriptive Statistics - Means, Standard Deviation, Frequency, Percentage - Tables	5-Strongly Agree,4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree	Likert Scale
Strategy Evaluation	- Strategic Control - Monitoring - Review of Strategy	Independent Variable	- Descriptive Statistics - Means, Standard Deviation, Frequency, Percentage - Tables	5-Strongly Agree,4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree	Likert Scale
Social Sustainability of MFI	- Inclusivity - Environmental Policies - Community Safety & Health Practices	Dependent Variable	- Descriptive Statistics - Means, Standard Deviation, Frequency, Percentage	5-Strongly Agree,4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree	Likert Scale

			- Figures & Tables		
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## 2.6 Chapter Summary

Study variables were extensively reviewed in section in terms of theory and empirical studies. The theoretical literature examined in the chapter included the resource based view theory and triple bottom line theory. Their advantages and disadvantages were captured as well as their application to the study variables. The empirical studies reviewed were done to capture both the independent and dependent variables of the study. The gaps were identified and operationalization of study variables presented. The next chapter was on the research design and methodology.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 Introduction**

This chapter discussed the research approach and methodology utilized in this study to assess the impact of strategic management practices on the social sustainability of microfinance institutions in Kitui County, Kenya. This chapter's components included the research design, target population, sample size and sampling strategy, data collection instrument description, pilot study, validity and reliability of instruments, data collection protocol, data analysis procedure, and ethical consideration.

#### **3.1 Research Design**

According to Gall, Gall, and Borg (2007), research design is the process of developing an empirical test to support or reject a proposition. The investigation was conducted using a descriptive survey design. Conditions must be described, noted, analyzed, and interpreted in order to implement this design. Therefore, the justification for adopting this research design is because the primary aim of the study was to systematically describe association between strategic management practices and sustainability of MFIs. The design further allowed the researcher to obtain a detailed understanding of the current state of affairs by collecting data that reflected participants' characteristics, behaviors, or conditions in their natural setting. Moreover, it was useful for generating hypotheses for further research. Since descriptive studies do not involve manipulation, the design ensured that the study had minimal bias and was cost-effective. Hence, the design enabled the study to analyse and make interpretation on how strategic management practices influenced the social sustainability of MFIs within Kitui County.

#### **3.2 Target Population**

Vonk (2017) defines a target population as the group of persons to whom the research is intended to apply or reach out. It provides a solid foundation and a starting step toward enhancing the study's demographic validity. Scientific research targeted a given population through which data collection instruments were issued to with an aim of securing information that could be used in drawing conclusions and recommendations. The target of this study included 5 MFIs in Kitui County. These MFIs included Platinum Credit Ltd, Premier Credit Ltd, Mwananchi Credit, Trust Go, and Faulu Microfinance Bank. These MFIs were targeted because they are biggest MFIs in the county and serve a lot of residents within the region. Hence, gaining information from

the institutions was essential in understanding the role of strategic management practices on social sustainability. From these institutions, 150 leaders were targeted. Therefore, the unit of analysis was the MFIs whereas the unit of observation were the leaders.

**Table 3: Target Population**

	<b>Population Size</b>
Platinum Credit Ltd	39
Premier Credit Ltd	28
Mwananchi Credit	36
Trust Go	47
Faulu Microfinance Bank	39
<b>Total</b>	<b>150</b>

### **3.3 Sample Size and Sampling Technique**

A sample is a smaller part of the population that is available. Because this particular group has the required qualities, it was specifically selected to serve as a representative sample of the total population. Each individual or case in the sample is known as a "subject," "respondent,"/ "interviewee." However, a sampling strategy is the method, process, or approach utilized to pick a portion of the population to participate in the study (Ogula, 2005). It involves choosing research subjects in a way that ensures they fairly represent the sizable community for whom they are chosen.

In this study, a census was conducted in order to include all the MFIs and their leaders as part of the sample size. This strategy was taken into consideration as the target audience was quite small, making it sufficient to include all MFIs and the leaders. This also made it possible for the study to gather sufficient data from which meaningful inferences about the social sustainability and strategic management techniques of the MFIs in Kitui County were made.

### **3.4 Instruments**

Questionnaires were employed to collect information from respondents. This was simply because it could be used to quickly reach a large number of respondents, give those who responded enough time to respond to the items, provide those surveyed with a sense of security (confidentiality), and, finally, tend to be objective because there is

no bias resulting from the respondents' individual characteristics (Ogula, 2005). With the sole exception of the first section, that acquired background information, the questionnaire was divided into sections according to the research objectives. The polls used closed-ended questions. In addition, a 5-point Likert scale was utilized to analyze respondents' sentiments toward the offered assertions.

### **3.5 Pilot Study**

For testing reliability, a pilot study was conducted whereby 15 respondents were randomly selected from one Microfinance Institution in Nairobi County and issued with the questionnaires. This population represented the 10% of the sample which according to Mugenda and Mugenda (2013) is fit for piloting stage. The pilot study helped in specifying the extent which the questionnaire was error free (bias less) and hence ensures consistent measurement was achieved across time and various items in the instrument. Moreover, the pilot study also helped in assessing the amount of time that the respondents took to completely fill a questionnaire.

#### **3.5.1 Validity**

Validity refers to the extent to which theory and evidence support the inferred meaning of test findings obtained through their application. As long as an instrument measures what it is designed to measure, it is considered valid. Mugenda and Mugenda (2009) define validity as the relevance and correctness of the conclusions generated from research findings. It is the extent to which the study's variables are accurately reflected in the data analysis' results. This study's content validity was assessed. This is whereby the school research supervisor was given the instruments to review whether the question statements were measuring the objectives of the study. The comment and feedback from the supervisor were used to improve the statements.

#### **3.5.2 Reliability Test**

Dependability is the capacity of an instrument to measure relevant properties consistently over an extended period of time. It is the extent to which, over several trials, a research technique produces reliable data or results. A test is considered reliable if a person receives the same result on the second round of the test as they did on the first (Mugenda & Mugenda, 2009). Errors may arise from either the device or the researcher during the data collection procedure. A test's consistency, dependability, or stability are factors that make it reliable (Nachmias & Nachmias, 2008). In order to ascertain if the instruments consistently test the variables for which they are designed,

the researcher assessed the instruments' reliability. To establish the reliability of the research instruments, Cronbach Alpha was used. The instruments collected from the piloting study were subjected to the reliability check. The rule of thumb is that if the values are within the acceptable levels of .7 and 0.9, the questionnaires would be held reliable (George & Mallery, 2003).

### **3.6 Data Collection Procedure**

Once the university provided a letter of authorization for the study, the researcher was granted research approval by the National Council of Science, Technology, and Innovation (NACOSTI). The researcher next went to the relevant MFIs to collect data from the sample size. Respondents were selected at random. The researcher entered the company and requested permission from management to begin collecting response data. The responders were given an explanation of the study's purpose. Questionnaires were distributed to the available respondents after they gave consent to participate. In order to be involved, the researcher included a research assistant in gathering data. The researcher monitored them to make sure all the surveys were correctly completed and retrieved back.

### **3.7 Data Analysis and Presentation**

According to Cooper and Schindler (2016), data analysis is the inspection, filtration, transformation, and modeling of data to identify relevant information. Data analysis made an effort to address the issues brought up by the research challenge. Data cleaning was the initial step in the analysis process. In order to make sure that every instrument was properly completed, the researcher went over the questionnaires after receiving them. Coding the data came next, following data cleansing. Version 24 of the Statistical Package for Social Sciences (SPSS) was instrumental in making this happen. Additionally, the software assisted in condensing the quantitative data into means, standard deviation, frequencies, and percentages. Following that, both descriptive and inferential statistics were used to analyze the quantitative data. Figures, tables, and pie charts were used to illustrate the descriptive data, which included percentages, averages, and standard deviations.

On the other hand, inferential analysis was carried out to ascertain the relationship between the study variables. Regression analysis and correlation analysis was

performed for the inferential analysis. This assisted in determining how the study variables—social sustainability and strategic management practices—were related to one another. Additionally, the data analysis also supported the study's recommendations and conclusions. A multiple linear regression model was used for the regression analysis. The following was the model:

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

Where:

Y = Social Sustainability of Microfinance Institutions

$\beta_0$  = Constant coefficients of X1, X2, and X3 respectively

X1 = Strategic Planning, X2 = Strategy Implementation, X3 = Strategy Evaluation

### **3.8 Ethical Considerations**

There are several ethical considerations that were adhered to. These included informed consent, voluntary participation, confidentiality privacy, and anonymity. These ethical considerations were further presented in detail in this section.

#### **3.8.1 Informed Consent**

This study first sought for the informed consent of the respondents. This is whereby the researcher asked each participant if they could participate in the study. They were also made aware of the goal of the study. This ensured that the respondents made informed decisions before engaging in the study. Seeking for informed consent helped build trust between the researcher and participants, and it ensured that the research was conducted in a transparent and responsible manner.

#### **3.8.2 Voluntary Participation**

The study ensured there was voluntary participation. It was ensured that participants joined the research of their own free will, without coercion, pressure, or undue influence. Respondents were allowed to make an informed choice about their involvement, with the freedom to withdraw from the study at any point without facing penalties or repercussions. Therefore, those who did not feel like answering to the research questions were left out and only those who were freely and interested to participate were issued the questionnaires.

#### **3.8.3 Confidentiality**

Regarding confidentiality, all the information and data obtained from the respondents were held with utmost confidentiality. The researcher ensured that personal data and responses were kept secure and were only accessible to authorized individuals.

Additionally, the researcher safeguarded the identity and private information of participants, using data only for the purposes specified in the study.

#### **3.8.4 Privacy**

This involved respecting the personal boundaries of participants by only collecting information that was relevant to the research and ensuring that the individuals' personal lives and choices were protected. The study avoided invasive or inappropriate questions and protected participants from exposure of personal or sensitive information. Moreover, the data and any other information obtained from the respondents were secured. Any information that could affect the privacy of the participants were not obtained or included in the study.

#### **3.8.5 Anonymity**

Anonymity ensured that participants' identities were not disclosed, even to the researchers themselves. In this study, individual data was collected without names or identifying details, preventing the linking of specific responses to any participant. This was critical in protecting participants from any future harm or discrimination based on their responses.

### **3.9 Chapter Summary**

The research approach that this study aimed to use was provided in this chapter. The target population, sample size and sampling methods, data collection tools, pilot study, and data collection protocols utilized in the investigation were also covered. The method for analyzing the data that was gathered and the ethical guidelines that were adhered to were also covered in this chapter. The next chapter covered the research findings and discussions.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.0 Introduction

This chapter presents the findings and analysis on strategic management practices and social sustainability of MFIs in Kitui County, Kenya. The chapter was presented according to the following areas; response rate, background information, strategic planning and social sustainability, strategy implementation and sustainability, strategy evaluation and sustainability and inferential analysis.

#### 4.1 Response Rate

In the process of collecting data, this study distributed questionnaires to 150 leaders in the Microfinance Institutions in Kitui County. After duration of one week, the leaders were reached out in order to collect back the filled questionnaires. In the process of collecting back the questionnaire, only 110 questionnaires were obtained. The remaining leaders indicated that they were a bit engaged with other business related activities and therefore could not participate in the study. This led to a response rate of 73.3%.

#### 4.2 Reliability Results

In testing the reliability of the instruments, Cronbach Alpha was used. The rule of thumb is that if the values are within the acceptable levels of .7 and 0.9, the questionnaires would be held reliable (George & Mallery, 2003). From the results shown in Table 4, it was evident that all the variables in the study had a Cronbach Alpha value of 0.7 and above. Hence, the questionnaire was considered to be reliable.

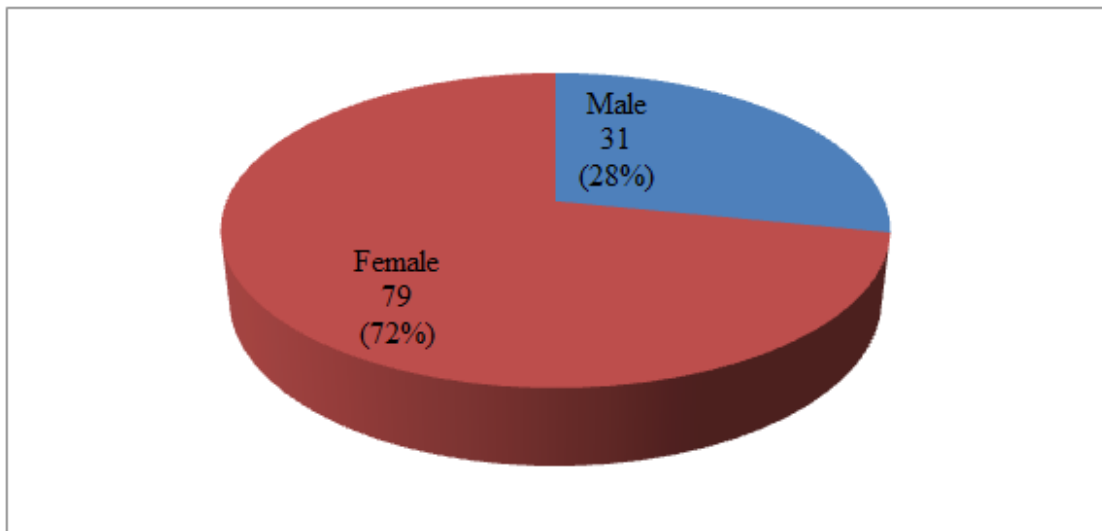
**Table 4: Reliability Test Results**

Variables	No. of Items	Cronbach Alpha	Verdict
Strategic Planning	6	0.942	Reliable
Strategy Implementation	6	0.725	Reliable
Strategy Evaluation	6	0.835	Reliable
Social Sustainability	6	0.700	Reliable
Overall Questionnaire	27	0.779	Reliable

### 4.3 Background Information

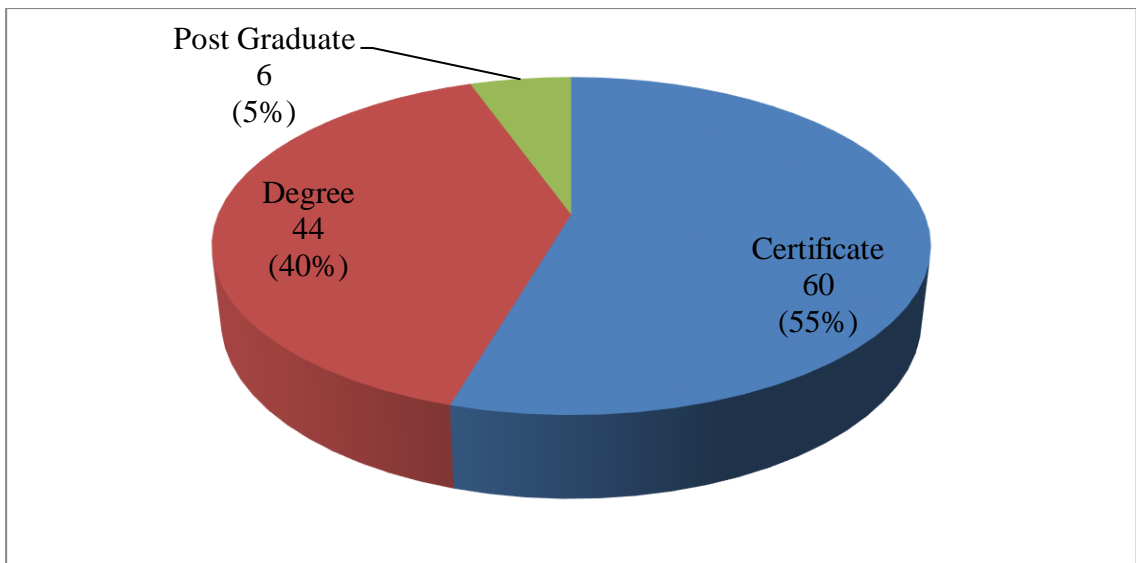
Participants in the study were asked to provide information about their background. The objective of examining the respondents' background data was to obtain a broad understanding of their gender, professional background, and educational background. This section contains the responses to the questions about their background.

**Figure 2: Gender of Respondents**



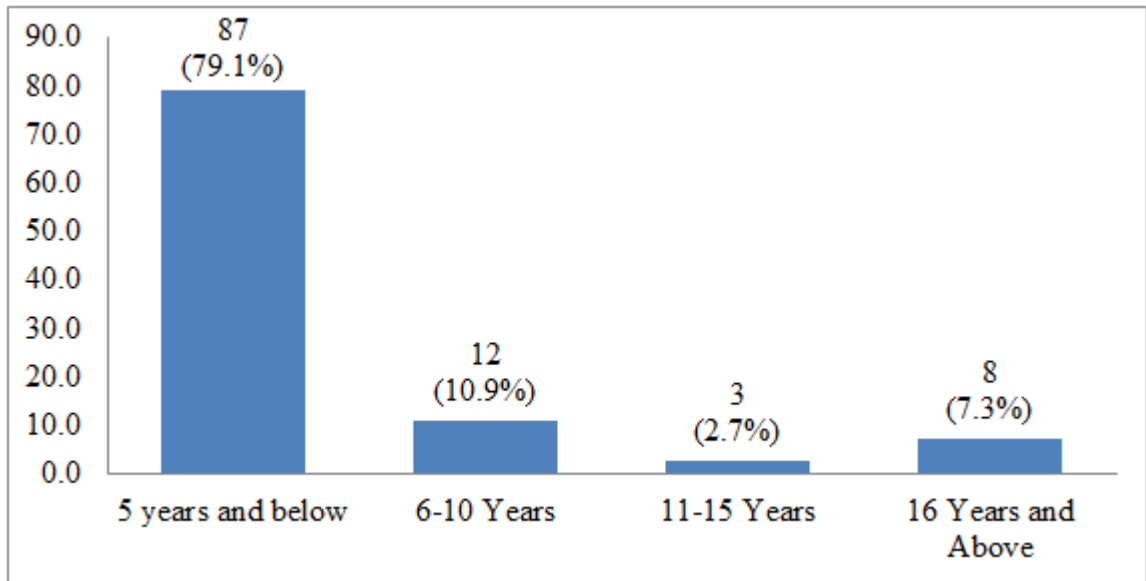
When it came to the respondents' gender, the majority of them (72%) were found to be female. Male responders made up the remaining 28%. This demonstrates that a greater proportion of female employees than male employees hold leadership positions in the majority of MFIs located in Kitui County.

**Figure 3: Education Level**



Regarding educational attainment, just over half (55%) of the participants reported possessing a certificate, while 40% held a degree. Merely 5% of the participants possessed a post-graduate degree. This suggests that the majority of responders had completed their higher education and were thus better equipped to comprehend the issues posed and provide thoughtful answers.

**Figure 4: Working Experience**



When asked how long they had worked for their individual MFIs, 79.1% of them said they had only been there for five years or less. 10% had worked for more than 11 years, whereas a small percentage (10.9%) had worked for six to ten years. This demonstrates that each participant had a significant amount of MFI experience and was therefore qualified to provide pertinent information on the MFIs' operations and long-term viability.

### **4.3 Strategic Planning**

The purpose of this study was to examine the ways in which strategic planning influenced the social sustainability of Microfinance institutions in Kitui County, Kenya. Table 5 provides a summary of the findings using percentages, means (M), and standard deviation (Std. Dev). Key: 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree

**Table 5: Influence of Strategic Planning on Social Sustainability of MFIs**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>Std. dev</b>
Strategic vision of the institution has been aligned with its social sustainability.	3.6%	-	-	34.5%	61.8%	4.50	.832
The mission of the institution has been developed in a way that it guides the sustainability of the institution.	-	3.6%	2.7%	23.6%	70%	4.60	.719
The strategic goals of our organization are effectively communicated to all employees.	3.6%	-	-	40%	56.4%	4.45	.831
There is strong alignment between the day-to-day activities of our organization and our strategic objectives.	-	3.6%	-	40%	56.4%	4.49	.687
Our strategic planning process involves input from a diverse range of stakeholders.	-	6.4%	7.3%	30.9%	55.5%	4.35	.874
Our organization has a clear and well-defined strategic plan.		3.6%	2.7%	26.4%	67.3%	4.57	.722
<b>Average Score</b>						<b>4.49</b>	<b>.778</b>

The majority of respondents agreed (34.5%) and strongly agreed (61.8%) that the institution's social sustainability and strategic vision are in line. The remaining 3.6% strongly disagreed. The statement was further supported with a mean rating of 4.50 (Std. Dev = 0.832). This implies that most of the MFIs had aligned their strategic vision with social sustainability. When asked to indicate whether the mission of the institution has been developed in a way that it guides the sustainability of the institution, 70% strongly agreed, 23.6% agreed, 2.7% were undecided, and the remaining 3.6%

disagreed. Further, a mean rating of 4.60 (Std. Dev = 0.831) was obtained for the statement. This means that majority of the respondents agreed with the statement. Previous studies such as that by Balmer and Greyser (2016) argue that a mission statement that reflects the organization's commitment to sustainability can enhance corporate identity and reputation, which in turn supports long-term sustainability. Moreover, Wheeler, Colbert, and Freeman (2023) indicated that the integration of sustainability into the mission statement of an organization can lead to a greater alignment of organizational activities with sustainability goals, thus improving overall performance and stakeholder satisfaction.

This statement had a mean rating of 4.45 and a Std. Dev of 0.831, indicating that most respondents agreed that the organization's strategic goals are communicated to all employees within the MFIs. The statement that there is strong alignment between the organization's daily activities and strategic objectives had a mean rating of 4.49 and Std. Dev of 0.687, indicating that most respondents agreed with the statement, with a small percentage (3.6%) disagreeing. Meanwhile, 56.4% strongly disagreed that the organization's strategic goals are effectively communicated to all employees.

Regarding whether feedback from a diverse variety of stakeholders is incorporated into the MFI's strategic planning process, thirty-nine percent agreed, fifty-five percent strongly agreed, seven percent were unsure, and the remaining six percent disagreed. With a mean rating of 4.35 and a Std. Dev of 0.874, the statement appeared to be supported by most respondents. Regarding lucidity, 67.3% and 26.4% of respondents strongly concurred and concurred that the organizations have a well-defined and lucid strategic strategy. However, 2.7% of respondents were unsure and 3.6% disagreed. The results showed a mean rating of 4.57 and a Std. Dev of 0.722. In the light of this finding, a study by Bartkus, Glassman, and McAfee (2016) explored the impact of mission statements on organizational performance and found that clear and focused mission statements that include sustainability elements are associated with better organizational outcomes.

Overall, the statements measuring the influence of strategic planning on social sustainability of MFIs in Kitui County had an average mean rating of 4.49 and Std. Dev of 0.778. This implies that majority of the respondents agreed with the statements respectively. In converging with these findings, previous study by Hockerts (2015)

found that firms that integrate sustainability into their core strategy tend to perform better in the long term. The study emphasized that social sustainability should not just be a peripheral activity but should be embedded in the strategic vision of the organization. Similarly, Epstein and Buhovac (2014) argue that organizations that successfully align their strategic vision with sustainability principles can create a competitive advantage, as they are better positioned to manage risks and respond to societal demands. In further supporting these findings, a study conducted by Eccles, Ioannou, and Serafeim (2014) showed companies with a strong commitment to sustainability, including social aspects, outperformed their counterparts in stock market performance and financial metrics over the long term. This highlights the financial and operational benefits of integrating social sustainability into strategic planning.

#### 4.4 Strategy Implementation

The study sought to establish how strategy implementation influences social sustainability of Microfinance institutions in Kitui County, Kenya. Table 6 presents a summary of the responses provided, including percentages, means (M), and standard deviation (Std. Dev).

**Table 6: Influence of Strategy Implementation on Social Sustainability of MFIs**

Statement	SD	D	UD	A	SA	M	Std. dev
Our MFI adapts its strategies and approaches based on the evolving needs and challenges of the communities we serve.	-	-	9.1%	42.7%	48.2%	4.39	.650
The leadership team demonstrates a commitment to implementing the strategic plan.	-	-	6.4%	42.7%	50.9%	4.44	.614
There is strong leadership support for integrating social sustainability into our operational processes.	-	-	9.1%	30%	60.9%	4.51	.659

Collaboration with external stakeholders, such as NGOs and government agencies, is essential for achieving our social sustainability goals	-	2.7%	3.6%	43.6%	50.0%	4.40	.695
Our management system fosters a culture of transparency and accountability in implementing social sustainability initiatives.	-	-	6.4%	40.0%	53.6%	4.47	.616
Communication from clients and community members is valued and considered in decision-making processes.	2.7%	2.7%	3.6%	21.8%	69.1%	4.51	.905
<b>Average Score</b>						<b>4.45</b>	<b>.689</b>

The average mean rating for the statements assessing how plan execution affects social sustainability was 4.45, with a standard deviation of .689. This indicates that the statements were accepted by the majority of responders. The majority of respondents (42.7%) and strongly agreed (48.1%) that the MFI adjusts its methods and approaches based on the changing needs and problems of the communities they serve is further illustrated in Table 6. The standard deviation of 0.650 and the mean rating of 4.39 provided more evidence in favor of this claim. This means that most of the leaders in the MFIs in Kitui County aligned its strategies and approaches in line with the evolving needs and challenges experienced in the communities that they served.

When asked to indicate whether the leadership team demonstrates a commitment to implementing the strategic plan, 50.9% strongly agreed, 42.7% agreed, and 6.4% were undecided. A mean rating of 4.44 (Std. Dev=.614) was also obtained. This implies that in most of the MFIs in Kitui County, the leaders demonstrated some commitment in the implementation of the strategic plan.

Regarding whether there is strong leadership support for integrating social sustainability into the operational processes, 60.9% strongly agreed and 30% agreed.

The remaining 9.1% were undecided. A mean rating of 4.51 (Std. Dev=.659) was attained. This implies that within the MFIs in Kitui County, the support provided by the leadership for integrating social sustainability into the operational process was strong.

Regarding collaboration efforts, 50% strongly agreed and 43.6% agreed that collaboration with external stakeholders, such as NGOs and government agencies, is essential for achieving social sustainability goals. A few (3.6%) were undecided whereas the remaining 2.7% disagreed. A mean rating of 4.40 (Std. Dev=.695) was noted. This implies that a majority of the MFIs made efforts to collaborate with other external stakeholders in order to achieve social sustainability goals.

Fifty-three-point six percent (53.6%) strongly agreed that the management system fosters a culture of transparency and accountability in implementing social sustainability initiatives. In addition, 40% supported the statement by agreeing. A few (6.4%) were undecided. A mean of 4.47 (Std. Dev= 0.616) was attained respectively. This implies that in most of the MFIs examined, the management system fostered a culture of transparency and accountability in implementing social sustainability initiatives.

In the light of these findings, Sloan, Klingenberg, and Rider (2013) found that organizations that emphasize transparency and accountability in their sustainability practices are more likely to gain the trust of stakeholders and achieve long-term success. This is because transparency fosters a culture of openness and responsibility, which is essential for sustainable operations. Similarly, Bansal and Roth (2020) further argued that transparency and accountability are crucial for the credibility of sustainability initiatives. They suggest that organizations that are open about their processes and outcomes are better able to engage stakeholders and achieve their sustainability goals. In his work on strategic alliances, Austin (2020) highlights the importance of collaboration between businesses, NGOs, and government agencies in achieving sustainable development. The researcher argued that such partnerships leverage the strengths of each sector to address societal challenges more effectively.

In terms of leadership whereby it was established that most respondents were positive and agreed with the statement, a previous study by Waldman, Siegel, and Javidan (2016) found that leadership commitment to sustainability is a key determinant of an

organization's ability to achieve its sustainability goals. Leaders who prioritize sustainability are more likely to mobilize resources and align the organization's efforts towards these goals. In addition to that observation, Maak and Pless (2016) discuss the role of responsible leadership in promoting sustainability. They highlight that leaders who are committed to sustainability often serve as role models and drive the organization towards achieving its social and environmental objectives.

Regarding communication, whereas a most respondents strongly agreed (69.1%) that communication from clients and community members is valued and considered in decision-making processes, a few (3.6%) were undecided and 5.4% disagreed respectively. This shows that there could be some communication problems in a few of the MFIs in Kitui County and this could be having an effect on their decision making processes. In converging with these findings, Hart and Milstein (2013) emphasize that cross-sector collaborations are vital for achieving sustainability goals, particularly in areas where organizations alone may lack the necessary resources or expertise.

#### 4.5 Strategy Evaluation

The study sought to find out the influence of strategy evaluation on the social sustainability of Microfinance institutions in Kitui County, Kenya. Table 7 presents a summary of the responses provided, including percentages, means (M), and standard deviation (Std. Dev). Key: 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree

**Table 7: Influence of Strategy Evaluation on Social Sustainability of MFIs**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>Std. dev</b>
Strategic control mechanisms have been adopted by the institution to support its goals and objectives towards social sustainability.	-	2.7%	3.6%	35.5%	58.2%	4.49	.700
Our MFI frequently monitors the success not only in financial terms but also in	-	-	6.4%	51.8%	41.8%	4.35	.619

terms of social impact and client well-being.

Our MFI has control mechanisms that foster a culture of transparency and accountability in implementing social sustainability initiatives.

- - 6.4% 33.6% 60.0% 4.53 .615

Regular progress reviews are conducted to track our organization's progress towards strategic goals.

- 5.5% 3.6% 30.9% 60.0% 4.45 .808

There is a clear communication strategy in place to share the progress and outcomes of our social sustainability efforts with stakeholders.

- - 3.6% 41.8% 54.5% 4.50 .570

Our MFI regularly assesses and monitors the social impact of its activities on clients and communities.

- - 3.6% 25.5% 70.9% 4.67 .543

**Average 4.49 .642**

The statements measuring the influence of strategy evaluation on social sustainability had an average mean rating of 4.45 (Std. Dev=0.642). This means that most respondents were in agreement with the statements. As further shown in Table 7, majority strongly agreed (58.2%) and agreed (35.5%) that strategic control mechanisms have been adopted by the institution to support its goals and objectives towards social sustainability. On the other hand, 3.6% were undecided whereas the remaining 2.7% disagreed. A mean of 4.49 (Std. Dev=0.700) was obtained. This implies that most MFIs in Kitui County that had participated in the study had adopted strategic control mechanisms that supported their goals and objectives towards social sustainability

When asked if the MFI regularly tracks success in terms of social effect and customer well-being in addition to financial success, 41.8% strongly agreed and 51.8% agreed, respectively. 6.4% were still unsure ( $M=4.35$ ,  $Std. Dev=.619$ ). This result suggested that while most MFI executives regularly track their organizations' progress in terms of finances, social impact, and client well-being, a small percentage were unsure of how often monitoring was carried out.

Whereas 60% strongly agreed that the MFI has control mechanisms that foster a culture of transparency and accountability in implementing social sustainability initiatives, 33.6% agreed and 6.4% were undecided. The statement further had a mean of 4.53 ( $Std. Dev= 0.615$ ). This implies that majority of the MFIs examined from Kitui County had control mechanisms that foster a culture of transparency and accountability in implementing social sustainability initiatives.

When asked to indicate whether regular progress reviews are conducted to track our organization's progress towards strategic goals, 60% strongly agreed, 30.9% agreed, and 3.6% were undecided. The remaining 5.5% disagreed. Overall, a mean of 4.45 ( $Std. Dev=0.808$ ) supported the statement. This implies that most leaders from the MFIs were positive with the statement.

In terms of communication, 54.5% strongly agreed and 41.8% agreed that there is a clear communication strategy in place to share the progress and outcomes of the social sustainability efforts with stakeholders. A few (3.6%) were undecided. A mean rating of 4.50 ( $Std. Dev=0.570$ ) was obtained. This implies that most of the leaders agreed that their MFIs had clear communication strategies in place to share the progress and outcomes of the social sustainability efforts with stakeholders.

Most respondents (70.9%) firmly agreed that the MFI evaluates and tracks the social impact of its operations on communities and clients on a regular basis. Additionally, a quarter (25.5%) concurred with the assertion. 3.6% of respondents were unsure. There was also a mean of 4.67 ( $Std. Dev=.543$ ). This indicates that the majority of the MFIs' leaders that participated in the survey agreed with the statement.

Various other studies have been able to support these findings. For instance, Ebrahim and Rangan (2014) highlight the importance of impact measurement in social enterprises, including MFIs. They argue that regularly assessing social impact is crucial for understanding the effectiveness of social programs and for making data-driven decisions that enhance social outcomes. Similarly, a study by Nicholls (2019) which discussed the role of social impact measurement in social enterprises, argued that regular assessments help organizations demonstrate their value to stakeholders and improve their social interventions. In terms of communication, Dawkins (2014) emphasizes the importance of communication strategies in sustainability reporting. He argues that effective communication with stakeholders enhances transparency, builds trust, and ensures that stakeholders are informed about the organization’s sustainability efforts. Moreover, another study by Sloan, Klingenberg, and Rider (2013) found that control mechanisms that emphasize transparency and accountability are essential for building trust with stakeholders and ensuring the credibility of sustainability initiatives. These mechanisms help organizations manage their social responsibilities effectively.

#### 4.6 Social Sustainability of MFIs in Kitui County

The dependent variable of this study was social sustainability of MFIs in Kitui County. Therefore, several statements were provided and the respondents indicated their extent of agreement or disagreement. The responses are as summarized in Table 8 using percentages (%), means (M) and standard deviation (Std. Dev).

**Table 8: Social Sustainability of MFIs in Kitui County**

<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>	<b>M</b>	<b>Std. dev</b>
Our MFI frequently engages in inclusivity practices	-	2.7%	9.1%	31.8%	56.4%	4.41	.770
Our MFI is committed to promoting policies directed towards environmental sustainability.	-	-	-	40.0%	60.0%	4.60	.492
Our MFI is able to design and offer products and services	-	2.7%	5.5%	30.0%	61.8%	4.51	.726

that are accessible to people of all abilities and backgrounds.							
Our MFI promotes safety & health practices for its employees and surrounding communities.	2.7%	3.6%	2.7%	32.7%	58.2%	4.40	.920
The ability of the MFI to sustain itself has increased over the past 5 years.		3.6%	2.7%	20.0%	73.6%	4.63	.713
The MFI is not yet sustainable.	55.5%	11.8%	-	11.8%	20.9%	2.30	1.685
<b>Average Score</b>						<b>4.14</b>	<b>.884</b>

The average mean rating for the statements assessing the social sustainability of MFIs in Kitui County was 4.14, with a standard deviation of .884. This indicates that the statements were accepted by the majority of responders. Table 8 provides additional evidence that slightly more than half (56.4%) agreed and 31.8% strongly agreed that the MFI regularly implements inclusivity practices. Conversely, 2.7% of respondents disagreed, and 9.1% were unsure. In addition, the statement's mean rating was 4.41 (Std. Dev=.770). This suggests that diversity procedures were followed by the MFIs evaluated in this study.

When asked to indicate whether the MFI is committed to promoting policies directed towards environmental sustainability, 60% strongly agreed and 40% agreed respectively. The statement further had a mean rating of 4.60 and standard deviation of 0.492. This implies that all the MFIs examined in this study were committed to promoting policies directed towards environmental sustainability.

When asked to indicate whether the MFI is able to design and offer products and services that are accessible to people of all abilities and backgrounds, 61.8% strongly agreed, 30% agreed, 5.5% were undecided, and 2.7% disagreed respectively. A mean of 4.51 (Std. Dev=.726) was established. This implies most MFIs are able to design and offer products and services that are accessible to people of all abilities and backgrounds.

When asked to indicate whether the MFI promotes safety & health practices for its employees and surrounding communities, 58.2% strongly agreed, 32.7% agreed, and 2.7% were undecided. On the other hand, 3.6% disagreed and 2.7% strongly disagreed. The statement was further supported with a mean rating of 4.40 and standard deviation of 0.920.

The majority (73.6%) firmly believed that during the previous five years, the MFI's capacity to sustain itself has grown. Twenty percent of respondents agreed with the remark, adding to its support. Conversely, 2.7% of respondents were unsure, and the remaining 3.6% disagreed. The mean rating for the statement was 4.63 (Std. Dev=.713). Last but not least, the majority of respondents appeared to disagree with the assertion that the MFI is not yet sustainable, as indicated by its mean rating of 2.30. This therefore implied that majority of the MFIs that were assessed in the study were in the process of being sustainable.

#### **4.7 Inferential Analysis**

More inferential analysis was done to determine the statistical correlations between the research variables. Regression analysis and correlation analysis were both performed for this kind of quantitative study. This section contains the results broken down by analytical category.

##### **4.7.1 Correlation Analysis**

To ascertain the degree of association between the research variables, correlation analysis was carried out. The correlation analysis employed the Pearson correlation coefficient ( $r$ ). Results ranging from  $\pm 0.50$  to  $\pm 1$  indicate a robust relationship. A moderate correlation is shown by values between  $\pm 0.30$  and  $\pm 0.49$ . Low Degree: A relationship is weak if the value is less than  $+0.29$ . No Correlation: When a number is zero, there is no correlation. The Pearson Correlation analysis findings are presented in Table 9. Key: SP – Strategic Planning, SI- Strategy Implementation, SE- Strategy Evaluation, SS – Social Sustainability.

**Table 9: Correlation Coefficient Results**

		SP	SI	SE	SS
Strategic Planning	Pearson Correlation	1			
	Sig. (2-tailed)				
Strategy Implementation	Pearson Correlation	.783**	1		
	Sig. (2-tailed)	.000			
Strategy Evaluation	Pearson Correlation	.779**	.875**	1	
	Sig. (2-tailed)	.000	.000		
Social Sustainability of MFIs	Pearson Correlation	.607	.421**	.352**	1
	Sig. (2-tailed)	.050	.000	.000	
N		110	110	110	110

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

As shown in Table 9, strategic planning ( $r=.607$ ,  $p$  Value =  $.050$ ), strategy implementation ( $r=.421$ ,  $p$  Value =  $.000 < 0.05$ ), and strategy evaluation ( $r=.352$ ,  $p$  Value =  $.000 < 0.050$ ) had a positive and significant correlation with the social sustainability of MFIs in Kitui County, Kenya. Organizational characteristic was also observed as to have a positive and significant correlation with social sustainability of MFIs. Therefore, this means that all the study variables correlated with social sustainability. In supporting these findings, a previous study by Ahmed and Kumar (2021) found that strategic planning significantly impacts the social sustainability of MFIs by aligning organizational objectives with social goals. It emphasizes that well-defined strategic plans help MFIs in resource allocation, stakeholder engagement, and long-term sustainability. Another study by Nwankwo and Eze (2022) highlights that effective strategy implementation is critical for achieving social sustainability in MFIs. The study shows that the success of strategic initiatives directly influences the social impact of these institutions, particularly in terms of outreach and community engagement. Within the MFIs in East Africa, Odhiambo and Muturi (2023) established that regular strategy evaluation positively correlates with the social sustainability of MFIs. The study demonstrated that continuous assessment and feedback mechanisms enable MFIs to adjust their strategies to better meet social objectives, thus enhancing their overall impact.

#### 4.8.2 Overall Linear Regression Analysis

Regression analysis was utilized to establish the statistical relationship between the dependent and independent variables of the research. The outcomes of the regression analysis have been provided as a model summary, ANOVA, and coefficient tables.

**Table 10: Model Summary for the Overall Linear Regression Model**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.626 <sup>a</sup>	.392	.375	2.39069

a. Predictors: (Constant), Strategy Evaluation, Strategic Planning, Strategy Implementation

According to Table 10, R square was found to be 0.392 and Adjusted R Square was .375. This means that 39.2% variation in the social sustainability of MFIs in Kitui County was addressed by the components of strategic management practices examined in the study. The residue of 60.8% was addressed by the error term or other variables outside the scope of this study.

**Table 11: ANOVA<sup>a</sup> Results for the Overall Linear Regression Model**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	390.388	3	130.129	22.768	.000 <sup>b</sup>
	Residual	605.830	106	5.715		
	Total	996.218	109			

a. Dependent Variable: Social Sustainability of MFIs

b. Predictors: (Constant), Strategy Evaluation, Strategic Planning, Strategy Implementation

Based on the ANOVA results in Table 11, the estimated F statistics for the linear regression model were 22.768, whereas the Critical F-statistics presented were 2.70 at a 5% significance level. Given that the computed F value was greater than the tabulated value, this study disregarded the null hypothesis and suggested that strategic management practices had a statistically significant influence on the social sustainability of MFIs in Kitui County, Kenya. This aligns with recent studies indicating that strategic practices play a critical role in enhancing organizational sustainability. For instance, Moshood et al. (2021) highlighted that strategic management frameworks were crucial in fostering social sustainability in financial institutions by aligning goals with community needs and environmental factors. Additionally, Banerjee and Sinha (2022) found that strategic interventions in similar contexts promote adaptability and resilience, essential for long-term organizational stability and social impact. The statistical significance observed in this study suggests

that MFIs employing robust strategic practices can effectively support social sustainability, a conclusion echoed by similar findings in regional studies (Ndungu et al., 2023).

**Table 12: Coefficients<sup>a</sup> Results for the Overall Linear Regression Model**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	12.642	2.187		5.780	.000
	Strategic Planning	.617	.101	.783	6.106	.000
	Strategy Implementation	.819	.166	.818	4.926	.000
	Strategy Evaluation	.258	.172	.246	1.494	.013

a. Dependent Variable: Social Sustainability of MFIs

As shown in Table 12, the unstandardized beta coefficient for strategic planning and social sustainability of MFIs was 0.617 at a 5% significance level. This means that the relationship between strategic planning and social sustainability was statistically significant. Moreover, a unit increase in strategic planning increased the social sustainability of MFIs in Kitui County by 0.617 units. Recent studies support this positive impact; for example, Kinyanjui and Mwangi (2021) found that strategic planning contributes significantly to sustainability by aligning organizational goals with community needs, thus enhancing social outcomes. Similarly, Omondi and Wanjiru (2022) reported that structured strategic planning is essential in helping MFIs achieve socially sustainable growth, as it builds resilience and adaptability within these institutions. Therefore, these findings underline the importance of strategic planning as a key driver of social sustainability, especially in contexts requiring stability and community alignment, as seen in MFIs.

There was a substantial positive and significant relationship between strategy implementation and social sustainability ( $b=.819$ ,  $p \text{ value}=.000 < 0.05$ ). This suggests that each unit increase in strategy implementation boosted MFIs' social sustainability by .819 units. This finding aligns with current research indicating that effective strategy implementation is vital for sustainability in financial institutions. For instance, Njuguna and Gikonyo (2021) found that structured strategy implementation facilitates long-term social objectives in MFIs by aligning operations with community needs. Similarly, Akinyi et al. (2022) emphasized that robust implementation practices foster adaptability and resilience, allowing MFIs to better serve and sustain their communities. This

highlights strategy implementation as a key driver of social sustainability, reinforcing its importance for MFIs aiming to achieve social impact alongside financial objectives.

Furthermore, strategy evaluation was found to have a positive and significant relationship with social sustainability ( $b=.254$ ,  $p = 0.013$ ). This suggests that an increase of one unit in strategy evaluation resulted in a 0.254 unit increase in MFI social sustainability. This finding is supported by recent studies underscoring the role of systematic evaluation in achieving sustainability goals. For example, Waweru and Nyaga (2021) found that regular strategy evaluations allow MFIs to realign operations with evolving social objectives, thereby enhancing their social impact. Similarly, Ahmed and Yusuf (2023) observed that continuous assessment of strategic initiatives enables MFIs to identify opportunities for improvement and address challenges proactively, thereby reinforcing their commitment to social sustainability. Thus, effective strategy evaluation is instrumental in fostering sustainable practices, as it ensures that strategic goals remain relevant and aligned with community needs.

Therefore, the overall linear regression model is presented as follows:

$$\text{Social Sustainability of MFIs} = 12.642 + 0.617X_1 + 0.819X_2 + 0.254X_3$$

$X_1$  = Strategic Planning,

$X_2$  = Strategy Implementation,

$X_3$  = Strategy Evaluation

#### **4.10 Chapter Summary**

This chapter presented the study's findings and analysis. It guaranteed that various analyses, such as descriptive and inferential statistics, were fully reported. Furthermore, in addition to presenting the analysis, the chapter contained a discussion of the findings, in which other researchers' observations were integrated into the findings. The next chapter summarized the study's findings, conclusions, and recommendations.

## **CHAPTER FIVE**

### **SUMMARY, RECOMMENDATIONS, AND CONCLUSIONS**

#### **5.0 Introduction**

This chapter presented the summary of the findings, conclusions and recommendations based on the findings and results that had been obtained from the field using questionnaires, cleaned and analysed in this study. Additionally, the suggestions for further studies were also presented in the chapter.

#### **5.1 Summary of the Findings**

This chapter presented a summary of the findings based on the results that had been covered in chapter four. The summary was organized according to the study variables which included strategic planning, strategy implementation, strategy evaluation, and social sustainability.

##### **5.1.1 Strategic Planning**

Majority of the respondents agreed that strategic vision of the institution has been aligned with its social sustainability. This implies that most of the MFIs had aligned their strategic vision with social sustainability. When asked to indicate whether the mission of the institution has been developed in a way that it guides the sustainability of the institution, majority of the respondents agreed. Majority agreed that strategic goals are communicated to all employees within the MFIs. Most of the respondents agreed that there is strong alignment between the day-to-day activities of the organization and strategic objectives. However, a few disagreed. When asked to indicate whether the MFIs strategic planning process involves input from a diverse range of stakeholders, majority agreed. In terms of clarity, majority agreed that the organization has a clear and well-defined strategic plan. Overall, the statements measuring the influence of strategic planning on social sustainability of MFIs in Kitui County had an average mean rating of 4.49 and standard deviation of .778. This implies that majority of the respondents agreed with the statements respectively.

##### **5.1.2 Strategy Implementation**

The statements measuring the influence of strategy implementation on social sustainability had an average mean rating of 4.45 and standard deviation of .689. This means that majority of the respondents agreed with the statements. Majority agreed that the MFI adapts its strategies and approaches based on the evolving needs and challenges of the communities they serve, the leadership team demonstrates a commitment to

implementing the strategic plan, there is strong leadership support for integrating social sustainability into the operational processes, collaboration with external stakeholders, such as NGOs and government agencies, is essential for achieving social sustainability goals, and the management system fosters a culture of transparency and accountability in implementing social sustainability initiatives respectively.

Regarding communication, whereas a majority agreed that communication from clients and community members is valued and considered in decision-making processes, a few were either undecided or disagreed respectively. This shows that there could be some communication problems in a few of the MFIs in Kitui County and this could be having an effect on their decision making processes.

### **5.1.3 Strategy Evaluation**

From the findings on strategy evaluation, majority agreed that strategic control mechanisms have been adopted by the institution to support its goals and objectives towards social sustainability, the MFI frequently monitors the success not only in financial terms but also in terms of social impact and client well-being, the MFI has control mechanisms that foster a culture of transparency and accountability in implementing social sustainability initiatives, regular progress reviews are conducted to track our organization's progress towards strategic goals, there is a clear communication strategy in place to share the progress and outcomes of the social sustainability efforts with stakeholders and the MFI regularly assesses and monitors the social impact of its activities on clients and communities respectively.

### **5.1.4 Social Sustainability of MFIs in Kitui County**

The findings on social sustainability of MFIs showed that majority of the respondents agreed that the MFI frequently engages in inclusivity practices, the MFI is committed to promoting policies directed towards environmental sustainability, the MFI is able to design and offer products and services that are accessible to people of all abilities and backgrounds, MFI promotes safety & health practices for its employees and surrounding communities, and the ability of the MFI to sustain itself has increased over the past 5 years. Lastly, majority of the respondents disagreed with the statement that the MFI is not yet sustainable with only a few feeling otherwise.

## **5.2 Conclusion**

This study sought to examine the ways in which strategic planning influences the social sustainability of Microfinance institutions in Kitui County, Kenya. From the observations and findings, the study concluded that strategic planning had a statistically significant influence on social sustainability of MFIs in Kitui County, Kenya. It was evident that the MFIs had made great efforts in aligning their strategic visions, missions, and goals with social sustainability in their MFIs. Moreover, efforts were made in engaging different stakeholders in the planning process.

In terms of strategy implementation, this study concludes that strategy implementation had a positive and significant influence on the social sustainability of Microfinance institutions in Kitui County, Kenya.

The study further concluded that strategy evaluation had a statistically significant influence on the social sustainability of Microfinance institutions in Kitui County, Kenya.

## **5.3 Recommendations**

Considering the fact that strategy implementation and planning had a greater influence on sustainability as compared to strategic evaluation, this study recommends that the management of the MFIs in Kitui County should dedicate more time and resources in strategic planning and implementation. This will ensure that they are able to achieve more in terms of their MFI's sustainability. To be more precise, the management of the MFIs should ensure that their employees are conversant with the overall strategic vision/Mission, goals and Objectives of the MFI's. This will ensure that they are in a better position of implementing them to their full capacity.

The study also established that organizational characteristics had a moderating effect on the relationship strategic management practices and sustainability of MFIs in Kitui County. Therefore, the study recommends that the management of the MFIs should ensure that their organizational characteristics such as the culture is strategically linked to the strategic management practices adopted in order to facilitate the overall sustainability of the MFIs. Moreover, the organizational policies should also be enhanced in a way that they fully promote the role of strategic management practices towards social sustainability in the MFIs. There are

several recommendations that are made in this study based on the implications for research, policy, practice and training, and for education.

### **5.3.1 Implications for Research**

For strategic planning purposes, this study recommends that local universities, research institutions and NGOs to conduct localized studies to understand the unique socio-economic conditions of Kitui County. Research should focus on the specific financial needs, literacy levels, and economic activities of the local population.

The study also recommends that academic researchers and consultancy firms should study the effectiveness of different strategy implementation frameworks within the context of rural MFIs across all the counties in Kenya. The research should include case studies and comparative analyses. Moreover, there is also a need to investigate the impact of various evaluation techniques on the sustainability and performance of MFIs. Research should explore both qualitative and quantitative evaluation methods.

### **5.3.2 Implications for Policy**

In terms of policy implications, the study recommends that the County government, Ministry of Trade and Industry and the Central Bank of Kenya should develop a policy framework that encourages the integration of local market dynamics into the strategic planning of MFIs. This includes policies that support the involvement of all stakeholders including the community in the planning process. These institutions should also endeavour in creating policies that promote transparency, accountability, and the use of technology in the implementation of MFI strategies. This may include regulations that require regular reporting and audits.

There is also a need to establish and strengthen a policy that mandates regular strategic evaluations for MFIs, with clear guidelines on the evaluation process, metrics, and frequency. This will ensure continuous improvement, accountability, and sustainability.

### **5.3.3 Implications for Practice/Training**

The study recommends that MFI management, local training institutes, and business consultants need to train MFI managers on participatory strategic planning, which includes community involvement, data-driven decision-making, and scenario planning to address local challenges that may be having an effect on their social sustainability.

There is also a need for the MFI management and trainers to provide hands-on training for MFI staff on best practices in strategy implementation, including project

management, resource allocation, and change management. Moreover, the MFI leadership, training consultants need to train MFI staff and management on how to conduct strategic evaluations, interpret results, and implement necessary adjustments. Emphasis should be placed on adaptive strategies that can respond to changing conditions.

#### **5.3.4 Implications for Education**

This study further recommends that universities, colleges, and vocational training centres to incorporate strategic planning with a focus on rural and underserved areas in the curriculum of business and finance courses. This should emphasize the unique challenges and opportunities in rural financial services.

The study further recommends that educational institutions and professional associations should further develop courses that cover the practical aspects of strategy implementation, including modules on rural banking, microfinance operations, and technology integration. There is also need for the institutions to include strategic evaluation as a core component in business and finance education, focusing on practical applications in rural microfinance settings. Case studies from Kitui County could be used as teaching materials.

#### **5.4 Suggestions for Further Studies**

Considering the fact that this study established that strategic management practices only addressed 39.2% variable of the sustainability of MFIs, there is a need for a further study to be carried out to examine the other factors that could be addressing the 60.8% sustainability of MFIs in Kitui County. Moreover, with the moderating variable, the percentage influence of strategic management practices on sustainability of MFIs only increased by 5.7%. Therefore, there is a need for a similar study to be conducted among the MFIs and other factors or variables introduced as a moderating variable in order to check whether the percentage change of strategic management practices may have a significant increase on the sustainability of MFIs.

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## APPENDICES

### Appendix I: Introduction Letter

Faith Mwende  
P O Box --  
Nairobi.

Date: .....

Dear Sir/Madam

#### **RE: REQUEST FOR COMPLETION OF QUESTIONNAIRE**

My name is Faith Mwende, a student at the Management University of Africa pursuing a Master Degree in Business Administration. I am currently writing my research on **Strategic Management Practices and Social Sustainability of Microfinance Institutions in Kitui County, Kenya**. The data collection instrument is strictly to provide information regarding this research work and the feedback will be treated with utmost confidentiality.

Kindly answer the questions to the best of your knowledge. The questions are purely for academic purposes and will be used later for analysis. Please answer the questions with honesty and competence because your responses will aid in making conclusions to the research problem. I apologize for any inconvenience caused; however, I will be so grateful if you responded to the questionnaire. Thank you in advance.

Yours Sincerely

Faith Mwende

## Appendix II: Questionnaires

The questionnaire sought to collect data on effect of strategic management practices and social sustainability of MFIs in Kitui County, Kenya. The gathered information is primarily for academic use and all responses will be treated with complete confidence.

### Section A: Demographic Information

#### 1. Gender

- a) Male [ ]
- b) Female [ ]

#### 2. Education Level

- a) Certificate [ ]
- b) Degree [ ]
- c) Masters [ ]
- d) Post Graduate [ ]
- e) Any other, \_\_\_\_\_

#### 3. Working Experience in the Institution

- a) 5 Years and Below [ ]
- b) 6-10 Years [ ]
- c) 11-15 Years [ ]
- d) 16 Years and Above [ ]

### Section B: Strategic Planning

4. Kindly indicate your extent of agreement or disagreement on the following statements regarding the strategic planning.

**Key:** 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree

	Statements	1	2	3	4	5
a.	Strategic vision of the institution has been aligned with its social sustainability.					
b.	The mission of the institution has been developed in a way that it guides the sustainability of the institution.					
c.	The strategic goals of our organization are effectively communicated to all employees.					
d.	There is strong alignment between the day-to-day activities of our organization and our strategic objectives.					
e.	Our strategic planning process involves input from a diverse range of stakeholders.					
f.	Our organization has a clear and well-defined strategic plan.					

### Section C: Strategy Implementation

5. Kindly indicate your extent of agreement or disagreement on the following statements regarding the strategy implementation and sustainability of MFIs.

**Key:** 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a.	Our MFI adapts its strategies and approaches based on the evolving needs and challenges of the communities we serve.					
b.	The leadership team demonstrates a commitment to implementing the strategic plan.					
c.	There is strong leadership support for integrating social sustainability into our operational processes.					
d.	Collaboration with external stakeholders, such as NGOs and government agencies, is essential for achieving our social sustainability goals					
e.	Our management system fosters a culture of transparency and accountability in implementing social sustainability initiatives.					
f.	Communication from clients and community members is valued and considered in decision-making processes.					

### Section D: Strategy Evaluation

6. Kindly indicate your extent of agreement or disagreement on the following statements regarding the strategy Evaluation and sustainability of MFIs.

**Key:** 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a.	Strategic control mechanisms have been adopted by the institution to support its goals and objectives towards social sustainability.					
b.	Our MFI frequently monitors the success not only in financial terms but also in terms of social impact and client well-being.					
c.	Our MFI has control mechanisms that foster a culture of transparency and accountability in implementing social sustainability initiatives.					
d.	Regular progress reviews are conducted to track our organization's progress towards strategic goals.					
e.	There is a clear communication strategy in place to share the progress and outcomes of our social sustainability efforts with stakeholders.					
f.	Our MFI regularly assesses and monitors the social impact of its activities on clients and communities.					

**Section E: Social Sustainability of MFIs**

8. Kindly indicate your extent of agreement or disagreement on the following statements regarding the social sustainability of MFIs.

**Key:** 5-Strongly Agree, 4-Agree, 3-Undecided, 2-Disagree, 1-Strongly Disagree

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
a.	Our MFI frequently engages in inclusivity practices					
b.	Our MFI is committed to promoting policies directed towards environmental sustainability.					
c.	Our MFI is able to design and offer products and services that are accessible to people of all abilities and backgrounds.					
d.	Our MFI promotes safety & health practices for its employees and surrounding communities.					
e.	The ability of the MFI to sustain itself has increased over the past 5 years.					
f.	The MFI is not yet sustainable.					

## Appendix III: University Data Collection Letter




Date: 24<sup>TH</sup> JUNE 2024

TO WHOM IT MAY CONCERN


FAITH MUANGE MWENDE- MBA/27/00216/3/22


This letter serves to introduce the above named who is a (**Masters in Business Administration**) student and is interested in carrying out research on **Strategic Management Practices and Social Sustainability of Micro Finance Institutions Kitui County Kenya.**

Any assistance accorded to him in pursuit of this study will be greatly appreciated.

Yours Sincerely,  
  
Dr. Joseph Nyaga  
Dean, School of Management and Leadership


# Appendix IV: Research Permit

  
**REPUBLIC OF KENYA**

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

Ref No: **713754** Date of Issue: **11/July/2024**


**RESEARCH LICENSE**




**This is to Certify that Ms.. FAITH MWENJE MUANGE of The Management University of Africa, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Kitui on the topic: STRATEGIC MANAGEMENT PRACTICES AND SOCIAL SUSTAINABILITY OF MICROFINANCE INSTITUTIONS IN KITUI COUNTY, KENYA for the period ending : 11/July/2025.**

License No: **NACOSTI/P/24/37491**

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Director General  
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