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STRATEGIC MANAGEMENT CAPABILITIES ON GROWTH OF MICRO-FINANCE INSTITUTIONS IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

This study focused on the effects of strategic management capabilities, including human resource capabilities, and technological capabilities, on the growth of micro-finances in Nairobi, Kenya. It is on this basis the study focused on strategic management capabilities and growth of microfinances in Nairobi County. The study's objectives were to assess the extent to which human resource capabilities, and technological capabilities affect growth of microfinances banks in Nairobi County. The study used a target population of 744 from all the listed 13 microfinances bank in Nairobi County as the census without as sampling technique. The study used multiple regression analysis to determine the correlation of the variables. The Statistical Package for Social Sciences version 24 was used to run the data. The findings was presented on descriptive statistics (means and standard deviation), figures, frequencies and tables. The study established that all the variables were reliable because it had a coefficient value of 0.7 and above pursuant to Cronbach Alpha threshold requirement. The study found that all the human resource capabilities had overall mean score of 3.945, and technological capabilities 3.910 an indication that the variables had be practiced for the growth in the microfinances banks. The study revealed that strategic management capabilities are positive and significantly correlated with the growth of the microfinances banks in Nairobi County. The study concluded that human resource capabilities, and technological capabilities affects the growth of microfinances in Nairobi County. The study recommended that the microfinance banks management needs to always prioritize effective strategic management capabilities and identify with aid of the strategists experts in order to have conceptualized microfinance growth that has global competitive look and standards. The study recommends that to meet effective growth of microfinances, human resource capabilities should be regarded as the critical element that foreshadow and foster for micro financial growth through its processes (recruitment and selection, training and performance management) strategically. The study recommends that technology is very important in any microfinance bank, however, they is need to have rightful technological infrastructure that adhere and heed to the microfinance trajectory in terms of growth. The study suggests that in total, the model's R^2 degree of variance was 0.682. Only 68.2 percent of the study was finished because it was based on a case study, and the researcher therefore recommends that the remaining 31.8 percent be completed by other researchers.

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INTRODUCTION

Strategic management entails ongoing planning, controlling, analyzing and evaluation of all necessities a firm requires to meet its objectives and goals (Jabbar & Hussein, 2017). Since the business environment is not static, the constant changes require organizations to evaluate the strategies and strategic management capabilities for success. Besides, according to Persaud, Woodhouse-Jackson & Scriven (2016), strategic management has been essential for organizationsand institutions because it provides overall direction by building plans and policies designed to accomplish objectives and then distributing resources to execute the plans and is made for organizations to be competitive over their rivals (Hunger, 2020). Strategic management and its aspects, including capabilities and elements, originated in the 1950s and 1960s, drawing on the past thinking and texts on 'strategy', which dates back thousands of years. By then, the advancers of strategic management included Drucker, Ansoff, Selznick, Henderson and Chandler (Hunger, 2020). Ansoff is the father of ancient strategic management, which has evolved to include five stages, including setting objectives, analysis, strategy formulation, strategy implementation and strategy monitoring (Deac, Dobrin & Vrîncuț, 2018). Besides, the concept of strategic management was advanced by Michael E. Porter, who is now the father of modern strategy due to his influence on management and competitiveness works and thoughts.

Additionally, strategic management has been widely applied in various fields, including business, management and others and has evolved to incorporate other aspects such as strategic managementcapabilities (Ramadan, 2017). These are resources and competencies that an organization uses to compete in its environment to survive, be competitive and increase its value over time. There are various types of strategic management capabilities, including human resource capabilities, technological capabilities, financial capabilities and marketing capabilities, among others (Pulka,Ramli & Bakar, 2018). This study assess the strategic management capabilities, including human resource capabilities (including adaptive and critical thinking, social intelligence, teaming and emotional intelligence), technological capabilities (the ability of the firm to design and develop new processes, offerings and improve skills and knowledge to get higher levels of organizational efficiency), marketing capabilities (the ability of a firm to comprehend and satisfy customers' needs fully) and financial capabilities (ability to manage finances consistent with firm's interests and value satisfactorily) on the growth of micro-finances in Nairobi County.

Statements of the Problem

The available literature on MFIs show that, there has been general growth in MFIs globally and regionally. For instance, according to Finance yahoo (2022), the Asia-Pacific region represents the largest market for microfinance globally, accounting for approximately 42.5% share of the globaltotal, and its demand is expected to reach around US$159.6 billion by 2026. Also, China's MFI market is forecasted to grow and emerge as the fastest-growing market worldwide with an annual growth rate of 13.6% through 2026 (Finance yahoo, 2022). Regionally, Tayal (2016), states that, the microfinance sector has had a gross loan portfolio of $8.5 billion and has attracted a consumerbase of approximately 8 million people. Due to the better management enabled by the strategic management capabilities, microfinance in Africa has experienced tremendous growth of around 1,312% from 2002 to 2014. All these growth are due to increasing commercial funding to the sector, efficiency capabilities, and technological capabilities among others.

Despite various studies that have been carried out on the effects of strategic management and growth of organizations, including micro-finances, various issues facing MFIS including reducingin financial income leading to an aggregate loss of 377 million in the year ended 2016,repaymentdefault, funding and government regulations (Omondi & Jagongo, 2018), have been raised and remains unresolved. Besides, there is still room for future research on the subject area. This is because the past researchers have been vague, used other strategic management capabilities, used other types of organizations as case studies or carried out in different regions or jurisdictions. Forinstance, the study by Muema (2021) focused on various strategic management capabilities, including managerial, marketing, resource and technological capabilities and found that these capabilities were essential to the performance of the microfinance institutions in Kenya. In this regard, this study focuses on the effects of strategic management capabilities, including human resource capabilities, technological capabilities, marketing capabilities and financial capabilities, on the growth of micro-finances in Nairobi, Kenya.

Besides, there exist research gaps because Vives (2017)'s study focused on the banking sector and capital markets and not specifically the microfinance, while Indrajaya et al. (no date) focused on Banten tourism attraction as this study focused on microfinance, Nyoni et al., (2021)'s study was carried out in Zimbabwe, and my analysis is based in Nairobi, Kenya and focuses on growth but not the profitability of the microfinance and Muema (2021)'s study focused on the performance of MFIs while this study focuses on the growth of the MFIs. Also, since the legal and regulatory framework for MFIs in Kenya is less than 20 years old (established in 2008), there is no sufficient literature on the strategic management and growth micro-finances. Thus, the above research gaps and insufficient literature on the effects of strategic management capabilities, including human resource capabilities, technological capabilities, marketing capabilities and financial capabilities, on the growth of micro-finances in Nairobi County, Kenya, prompts the need for this research.

Research Objectives

The main aim of the current study was to assess the influence of strategic management capabilities on the growth of micro-finances in Nairobi County.

Specific Research Objectives

1. To examine the effects of human resource capabilities on the growth of micro-finances in Nairobi County

2. To evaluate the influence of technological capabilities on the growth of micro-finances in Nairobi County

LITERATURE REVIEW

Theoretical Review

Dynamic Capabilities View

The proponents of this theory were Pisano, Teece and Shuen around 1997, a company's dynamic capabilities are the practices and procedures that allow it to adapt and change with the times (Mihardjo & Rukmana, 2019). A long-term competitive advantage may be achieved via the development of certain skills that go beyond the usual strategic competencies. In today's volatile, uncertain, complex, and ambiguous environment, organizations must be able to rapidly and correctly adjust to market upheavals or technological advances (Abi & Arief, 2017). This view is used by firms to attain a competitive advantage, and fast-moving settings need a firm's capacity to combine both its internal and external competencies, for instance, using both SWOT and PESTEL models for internal and external checks, respectively (Lu & Liang, 2017).

Additionally, this model advocates for the reconfiguration of resources such as employees through employee transfers and collaborations to pave the way for knowledge transfer (Van & Versendaal,2021). For instance, inter-departmental transfers or organizational transfers help in bringing new skills which aid the company in achieving a competitive edge (Kohler, 2018). To achieve a long term competitive advantage against competitors, microfinance institutions' managers must be dynamic in thinking, planning as well as actualizing the plans. Technology and market shifts need that businesses be agile, adaptable, and forward-thinking in their reaction (Nafar, 2021).

They must be able to change and adapt to new situations, for instance, adopting new innovationsin production (Gärtner et al., 2017). Adapting to quickly changing conditions and maintaining a competitive edge are the hallmarks of a company with dynamic capabilities that a company's long-term prosperity depends on. However, this view is criticized because a company must be able to find new markets and resources, as well as novel combinations of those resources and markets in order to compete. This is because, as a company's dynamic capacity grows its market, so does the number of rivals it must outperform; as a consequence, a company's dynamic capacity must be superior to that of any prospective competitor and not merely essential. The dynamic capability theory relates to all variables of the study (HR, technological, marketing and financial capabilities) because these are the dynamic capabilities that a company's long-term prosperity depends on. Fora company to ever have the unique capacity to dynamically change its products and services, it must be very valuable and unusual (Van & Versendaal, 2021).

Resource-Based View

This theory was proposed by Wernerfelt, B. in 1984, and revolves around the operations of a firm by stating the idea that the resources that are available to a company are directly related to the success of that company (Zaini et al., 2018). The way these resources are used and organized enables the organization to succeed and has the potential to offer a significant edge over its competitors (Miethlich & Oldenburg, 2019). Jay Barney has proposed that in order for resources to give a long-term competitive edge against their competitors, they should have the following features: they should have the ability of valuation, Rare, unmatched and Non-substitutable (Chen et al., 2017). Which also serves as the foundation upon which you evaluate your resource base. Recent advancements such as "core competencies" and resources have gotten some attention, andmany of these innovations are conceptual and so difficult to execute (Roostika, 2019).

Competence is a variable that describes the wellness and performance of a firm, while resources are tangible or intangible assets owned by a company (Assensoh-Kodua, 2019). Therefore, by having competent microfinancing leaders, the microfinance sector is most likely to grow. With excellent marketing skills, good customer service, technological resources and excellent leadership, microfinance institutions in Nairobi will grow at an increasing rate (Smadi & Ababneh, 2018). The resource-based view was advanced in 1991 by Wenerfelt on his article on ‘Firm Resource and Sustained Competitive Advantage” and has been widely applied by real world companies in achieving competitive edge using their strategic resources. The resource-based view theory is relevant to study’s research objectives because various organizational capabilities are derived from the use of strategic resources. Thus, to develop HR, technological, marketing and financial capabilities, an organization has to use or apply its strategic resources.

Smadi & Ababneh, (2018)) adds that the RBV's concept is that an organization's better performance depends on how it obtains, develops, and utilizes its rare resources and subsequently enhances its capabilities rather than how it positions itself in the market. This is in contrast to the common belief that a company's market positioning determines its level of success. This means that, each MFI's ability to deploy and coordinate the numerous resources at its disposal, which are incorporated into the organization's operational routines, determines the extent to which it can create and defend strategic capabilities. If the MFIs are able to effectively cultivate and utilize theirstrategic capabilities, they will be able to guarantee not just their performance, but also their long-term growth and development (Assensoh-Kodua, 2019). Therefore, the current research suggests that in order to gain a competitive strategic capabilities through the RBV, MFIs require leadership that understands the value of amassing, developing, and retaining strategic capabilities.

Besides, Assensoh-Kodua, (2019) argued that, the current corpus of research does not sufficiently emphasize the significance of capabilities as a strategic growth component within the context of the RBV framework as a whole. It has also been argued that this idea is flawed because it is difficult to determine which of the firm's many strategic capabilities contribute to the firm's growth, which is an important argument against the idea. To add insult to injury, Roostika, (2019) claimed that RBV theory conflates firm capability factors with owner-manager trait performance elements. They explained that this is due to the fact that RBV theory does not distinguish between these two kinds of capability factors. In order to work around this restriction, firm characteristics and strategic capabilities were studied independently so that MFIs in Nairobi County would be able tostrike a better balance between their strategic management capabilities and growth through the implementation of a strategic management plan that would facilitate a better knowledge of capabilities and resource-based strategy (Post & Leavell, 2019).

Conceptual Framework

Conceptual framework is a network of inter related concepts, principles and ideas that creates awareness among different concepts (Cao, Thompson & Triche, 2018). The study will be based on the different variables which will be presented by use of a diagram which basically shows the inter-relationship that exists between the dependent variables and the independent variables.

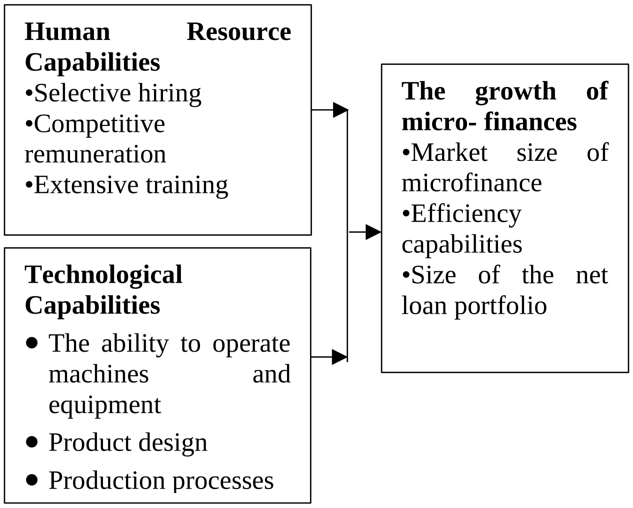

Figure 1: Conceptual Framework

Human Resource Capabilities

The capability category of job-related qualifications includes the terms skills, ability, aptitude, and knowledge. When a person lacks the ability to do a job well, it will most likely lead to conflict with coworkers and managers. According to Teece, (2020), this means that a business and its HR department should have the same set of skills, talents, abilities, and knowledge that an HR professional should have and some of HR capabilities include; selective hiring, competitive remuneration, and extensive training. Human resources experts are more in demand now than ever before because of the rapid and disruptive nature of change. People who work in this field are already aware of the changes taking place in the way we do business (Balasundaram, 2020). This is what HR professionals will need if they want to stay on top of the competition and keep up withthe rapid pace of change. HR's ability to change with the times is one of its most defining characteristics. Change-related projects are now being planned and managed by human resources professionals. In addition, HR professionals are now focused on identifying and sourcing talent for new roles, which could come in the form of an individual or a dispersed team, rather than justfinding a candidate to fill an existing full-time position (Teece, 2020). They must also think strategically, as HR practitioners of today are expected to think beyond the functional. Because of the current rapid and disruptive change, microfinance institutions in Nairobi County must have these HR competencies to continue their growth.

Technological Capabilities

Technological capability is defined as an organization's ability to design and develop new processes as well as products, and upgrade knowledge and skills about the physical environment in a unique manner, as well as the ability to transform that knowledge into instructions and designsfor the effective production of desired performance (Antoni Jie & Abareshi, 2020). Aside from that, three essential elements are identified as being required for technological capability. In order to achieve a "common purpose," there must be a group of people with the necessary skills, training, experience, and inclination, as well as an organization that brings them together (Mohamad, Ramayah & Lo, 2017). Some of the most common business technological competencies include the ability to operate machines and equipment, as well as human behavior, product design and production processes, organizational structures, and marketing skills (Chen & Cates, 2018). If the microfinance institutions in Kenya are to grow and prosper, they must improve their understanding of the local physical environment while also increasing their ability to design and implement innovative procedures and products.

Empirical Review

Human Resource Capabilities

A study by Mbugua & Kinyua (2019) on seeking to know the influence of staff diversification plans on the performance of microfinance banks that accept deposits in Nairobi City County, Kenya, inferred that, within the context of the overall socio-economic growth of the nation, the microfinance subsector has a crucially important role. Using descriptive research design and statistical linear regression analysis method, the study concluded that there was a robust and beneficial connection between the differentiations of employees specifically the workforce capabilities and the functioning of the organization. Because the findings of the research demonstrated that people differentiation is essential to enhancing organizational success and the managers of MFIs have to increase their budget for staff training (Mbugua & Kinyua, 2019), in this study, the researcher was very specific on the aspect of employee differentiation as a way of enhancing performance in micro finance institutions. In contrast, our study is focusing on the all the strategies employed by managers to enhance growth in the microfinance sector.

A study by Maatman& Meijerink, (2017), on the role of centralized human resource capabilities and decentralized control mechanisms in creating human resources service value in Dutch also provided valuable insights on the subject matter. The researcher reviewed theoretical background and hypotheses including conceptualizing human resource service value and centralized resourcesand human resources service value among others as well as using snowballing sampling techniquewhere out of 59 Dutch organizations, Maatman& Meijerink, (2017), arrived at 19 organizations that agreed to participate into the study, Besides, a survey methodology was used in the study to obtain data which was later analyzed using structural equation modelling. The researcher found that, application of official control mechanisms were negatively associated with human resource share value but it became positive after being mediated by informal control mechanisms and operational human resource capabilities. Besides, it also revealed that, dynamic human resource capabilities related positively to HR shared services which improved productivity of the Dutch organizations. In regard to this study, this means that, dynamic human resource capabilities, can be used to achieve HR shared services and hence improve the performance of MFIs. There exists research gap because Maatman& Meijerink, (2017) focused more on centralized human resource capabilities and decentralized control mechanisms in creating human resources service value while this study focuses on strategic management capabilities and growth of MFIs.

A study by Al Khajeh, (2018) on impact of leadership styles on organizational performance in UAE also contributed to the subject matter. As part of the research, the following subjects were covered: organizational performance; transformational leadership; charismatic; bureaucratic; autocratic; and transactional; leadership styles. In order to answer the research question, the researchers used a quantitative methodology. It is possible to do research using one of three different methods: the qualitative, quantitative, or integrated approach. Researchers have discovered a link between a leader's performance and the organization's overall success, and this link can go either way. Transactional leadership, charismatic leadership, and bureaucratic leadership all have a negative impact on organizational performance, according to a new study. There is a positive association between the leadership styles of democratic, transformational, andautocratic with the organization's performance, though. As leadership is part of the HR capabilities, MFIs need to have the democratic leadership, transformational leadership and autocratic leadership style which had a positive relationship with the organizational performance. There exists research gap because Al Khajeh, (2018) concentrated on leadership styles instead of strategic management capabilities.

Technological Capabilities

A study by Wakoli & Karanja (2019) conducted a study in Malindi County, Kenya, on the impactsof product distinction on the performance of microfinance sector in Malindi sub-county. Guided by innovation diffusion theory, the study employed descriptive design, primary data collection tools (questionnaire) and used descriptive inferential statistical analysis to gather the following inferences. According to the findings of the research, the process of product diversification had a favorable and substantial effect on the expansion of micro financing institutions. The developmentof microfinance organizations was significantly influenced by the ability to differentiate their products. MFIs have the opportunity to adopt product differentiation techniques in order to endurethe competition and preserve their long-term viability by providing services that are distinct from those of their competitors and are highly appreciated by their customers (Wakoli & Karanja, 2019).

Another conclusion was that the difference of products played an important part in deciding the expansion of microfinance institutions in the Malindi sub-county of Kenya. According to the findings of the research, microfinance institutions (MFIs) should investigate the numerous ways in which they might distinguish their products in order to increase their client appeal. This will be determined by taking into account the consumers' level of price sensitivity, the distinctive qualitiesof the institution's resources, and the prevalent need for the products. According to the findings ofthe researcher recommended that, microfinance institutions (MFIs) should investigate the numerous ways in which they might distinguish their products in order to increase their client terms (Wakoli &

Karanja, 2019). This study left a gap in research because it was conducted in a different geographical location who's internal and external factors affecting a business may be different from those in Nairobi hence the need for this research.

A study by Mikalef et al., (2020) on exploring the relationship between big data analytics capability and competitive performance in Malaysia, was built on the RBV and dynamic capabilities view, as well as on recent big data analytics research. Investing in complementary bigdata resources is critical, as evidenced by the results of the empirical studies presented here. In order to determine whether or not the hierarchical research model was

Sample Size = (Z-score)2 * StdDev*(1-StdDev) / (margin of error)2

valid and dependable, we used a technique known as partial least squares-based structural equation modeling. SmartPLS 3 was used throughout the entire analytic process, to be more specific. There are a number of complimentary resources that must be considered while boosting performance, according to the study's conclusions. Thus, MFIS need to develop a capability requiring a number of complementary resources to be taken into account to improve performance.

A study by Gomes & Wojahn, (2017) on organizational learning capability, innovation and performance: study in (SMES) also contributed valuable insights to the subject matter. Quantitative methodologies, such as cross-sectional surveying, descriptive and causal research, and quantitative methods, were all used in the study. A total of 92 textile-related businesses comprised the sample. Analysis of the data was carried out using Structural Equation Modeling. Small and medium-sized enterprises' innovative performance is affected by both technological improvements and organizational learning capability; nevertheless, the findings show that the influence of organizational learning capability on inventive performance is not considerable. In regard this study, MFIs should embrace technological innovations as technological capabilities to improve performance. A research gap exists because Gomes & Wojahn, (2017) focused on organizational learning capability, innovation and performance while this study focused ontechnological capabilities on growth of MFIs.

RESEARCH METHODOLOGY

A research design is a highly topical framework chosen by a scientist to describe the state of a variable (Rahi, 2017). This study used descriptive research design whose strategy is to collect enough information to paint a complete picture of a certain situation or group of people. Population,in John, Muturi, & Nyang'au, (2017) definition, is the set of all relevant factors taken into account for the purposes of a study and from which conclusions are drawn which is from 13 MFIs that were licensed by the Central Bank of Kenya as of February 2020 (Okwesh, 2020).

In this regard, this study has used simple random mixed sampling to establish the size of the survey's respondent pool.Rosseel, (2020) suggested formula for calculating the optimal size as;

Chakrabarty, & Biswas, (2020) assumed that, a confidence level of 90% with Z-score of 1.645, standard deviation of 0.5, and margin of error (confidence interval) of +/- 7.5%. After application of this formula, the sample size was 120. In this regard the study's sample frame comprises of 13 MFIsthat were licensed by the Central Bank of Kenya as of February 2020 (Okwesh, 2020) (Shown onappendix 4).

This research adopted the primary data collection methods specifically, questionnaires which were issued to the target respondents within Nairobi County (Tojiyeva & Abdullayev, 2021). Specifically, a structured questionnaire with instructions and options for responses was used to collect primary data from the respondents in this investigation (Singh, 2017).

There are two main types of data analysis including qualitative, and quantitative. In qualitative data analysis techniques, the data analysis is commonly performed on a collection of text which is a method of evaluating qualitative data, and looking for recurring patterns of meaning and recurring themes (Ganose et al., 2018) (Williams & Moser, 2019). On the other hand, quantitative data analysis requires a lot of data collection and thorough analysis to determine its significance and quality (Chen et al., 2018).

This study adopted a scientific data analysis software known as SPSS Version 26.0. The researcher preferred regression in data analysis, regression analysis is a dependable method for identifying the contributors to an outcomeof study (Filzmoser, & Nordhausen, 2021).

DATA ANALYSIS AND INTERPRETATION

The researcher distributed 744 questionnaires to each respondents at each microfinance respective of their populationas. Only 573 of them in total filled the questionnaires and returned; 77.0% of the respondents filled the questionnaire and returned. This response rate was adequate for a representative who was effective. A response rate of 50% is considered appropriate for analysis and reporting; a rate of 60% is considered good; anda rate of 70% or higher is considered exceptional, according to Mugenda and Mugenda (2017). Responses indicate that the study was outstanding.

Human Resource Capabilities and Growth of Microfinance

The study sought to establish to what extent does project planning affect growth of microfinance at the microfinance banks in Nairobi County. The results are presented as shown in Table 1.

Table 1: Descriptive Statistics Results for Measure of Human ResourceCapabilities

Statement	Mean	Std. D
Employees are aware of human resource capabilities as the skills, ability, aptitude and knowledge one has in relation to the job that they are employed to do.	4.066	1.082
Selective hiring affect the growth of micro-finances	4.263	1.046
Competitive remuneration affect the growth of micro-finances	4.164	.931
Extensive training affect the growth of micro-finances	3.910	1.220
Job analysis and design affect the growth of micro-finances	3.713	1.414
Talent management affect the growth of micro-finances	3.553	1.306
Overall Mean & Standard Deviation	**3.945**	**1.167**

Source: Researcher (2023)

From Table 1 it was analyzed that selective hiring affect the growth of micro-finances asshown by a (M= 4.263, SD= 1.046), Competitive remuneration affect the growth of micro- finances which registered (M= 4.164, SD= .931), Employees are aware of human resourcecapabilities as the skills, ability, aptitude and knowledge one has in relation to the job thatthey are employed to do shown by a (M= 4.066, SD= 1.082), Extensive training affect the growth of micro-finances was displayed by a (M= 3.910, SD= 1.220), Job analysis and design affect the growth of micro-finances (M= 3.713, SD= 1.414) and talent management affect the growth of micro-finances agreed with (M= 3.553, SD= 1.306). The objective was analyzed with an overall (M= 3.947, SD=1.167). This implied that human resourcecapabilities greatly determined the growth of microfinances.

Technological Capabilities and Growth of microfinance

The study sought to establish the extent to which technological capabilities affect growth of microfinance at microfinances bank in Nairobi County. The results are presented as shown in Table 2.

Table 2: Descriptive Statistics Results for Measure of Technological Capabilities

Statement	Mean	Std. D
Employees are aware of technological capabilities as the abilities to absorb, adapt, create, upgrade, and commercialize technologicalknowledge.	3.812	1.285
The ability to operate machines and equipment affect the growth of micro-finances	3.733	1.237
The ability to adapt to unexpected technological change	3.555	1.048
Use of new technological processes affect the growth of micro-finances	4.047	1.224
Transforming the knowledge into instructions and designs affect the growth of micro-finances	4.210	.875
Designing and development of new process/product affect the growth of micro-finances	3.990	1.190
Overall Mean & Standard Deviation	**3.910**	**1.143**

From the finding in the table 2 it was established that transforming the knowledge into instructions and designs affect the growth of micro-finances (M= 4.210, SD= 0.875), Useof new technological processes affect the growth of micro-finances agreed at (M= 4.047, SD= 1.224), Designing and development of new process/product affect the growth of micro-finances as shown by a (M= 3.990, SD= 1.290), Employees are aware of technological capabilities as the abilities to absorb, adapt, create, upgrade, and commercialize technological knowledge registered a (M= 3.812, SD= 1.285), the ability tooperate machines and equipment affect the growth of micro-finances agreed with (M= 3.733, SD= 1.237) and the ability to adapt to unexpected technological change with agreed(M= 3.555, SD= 1.048). The objective was analyzed with an overall (M= 3.910, SD= 1.143).

Regression Analysis

Regression statistics analysis was done to determine the nature of the relationship between the two variables under study that is independent variables (human resource capabilities, and technological capabilities) against dependent variable (growth of microfinance) at microfinance bank in Nairobi County andthe results are as shown Table 3.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.826[a]	.682	.680	.5070

Source: SPSS V24 Generated Data, (2023*)*

R square is coefficient of determination which informs the variation in the dependent variable due to changes in the independent variable. From the findings in the table 3 thevalue of R square was 0.682, an indication that there was variation of 68.2% in growth of microfinance. This implied that strategic management capabilities (SMC) accounts for 68.2% in variability for the growth of microfinance. This shows that 68.2% changes in growth of microfinance are accounted for by SMC (human resource capabilities, technological capabilities, marketing capabilities and financial capabilities).

The other 31.8% show constant element of the dependent and independent variable due tostandard error (0.5070) and might be attributed due to external factors of independent variables. R is the correlation coefficient which shows the relationship between the study variables. This is the change on variable especially on independent variable that can cause the variation. From the findings shown in the table 4.9, it is notable that there exists positiverelationship between the study variables as shown by the correlation coefficient (R=0.826). Thus, SMC are positively correlated with growth of microfinance.

Table 4: Analysis of Variance (ANOVA)

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	312.962	4	78.241	304.400.000[b]	
1 Residual	145.994	568	.257		
Total	458.956	572			

Source: Researcher (2023)

From the ANOVA statistics, the regression model significance (F- statistic value of 304.400, P-value .000<0.05) which is an indication that the data was ideal and significantregression model. The F value was greater than the critical value (304.400>1) an indicationthat SMC (human resource capabilities, technological capabilities) jointly had effect on growth of microfinance statistically. This is supported by Sekaran (2016), who states that regression model is adequately and statistically for prediction when F value is greater than 1. The ANOVA was made to determine whether the variable is significant. The study ascertained that the two variables under are significant. This is because the significant value is less than standard values (000<0.05). This was clear that information submitted was ideal. Therefore, the researched established SMC (human resource capabilities, technological capabilities, marketing capabilities and financial capabilities) and growth of microfinance are significant.

Table 5: Regression Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
	(Constant)	.895	.113		7.943.000	
	Human Resource Capabilities	.086	.043	.095	1.992.047	
1	Technological Capabilities	.357	.043	.364	8.314.000	

The results of the regression test are shown in table 5, which also examines the degree of independence between the independent and dependent variables. The results show that for the independent variables human resource capabilities, and technological capabilities all p-values were less than 0.05. This suggests that the test results are all statistically significant at the 0.05 level. For this investigation, the regression test used was;

$$Y = 0.895+0.086X_1 +0.357X_2 + €$$

The above regression equation reveals that, holding SMC (human resource capabilities, and technological capabilities) to a constant, the level of growth of microfinance would be 0.895, a unit increase in human resource capabilities would increase growth of microfinance by a coefficient of 0.086, a unit increase in technological capabilities would increase growth of microfinance by a coefficient of 0.357.

From the table 5, the analysis reveals that Human resource capabilities had coefficient significant to growth of microfinance (p0.047<0.05). Technological capabilities coefficient was significant to growth of microfinance (p0.000<0.05). The study came to the conclusion that SMC can improve microfinance growth and professional growth, give the whole firm a competitive advantage, and boost employee morale. The study suggests that,in order to increase growth of microfinance human resource capabilities, and technological capabilities, should be introduced as part of SMC, therefore all the variables were significant in that p-values were less than 0.05.

Conclusion of the Research Study

The study concluded that human resource capabilities, and technological capabilities, affects the growth of microfinances withNairobi County significantly. The study concluded that selective hiring affect the growth of micro-finances. The study concluded that transforming the knowledge into instructionsand designs affect the growth of micro-finances.

Recommendations

The study recommends that the microfinance banks management needs to always prioritize effective strategic management capabilities and identify with aid of the strategists experts in order to have conceptualized microfinance growth that has global competitive look and standards.

The study recommends that to meet effective growth of microfinances, human resource capabilities should be regarded as the critical element that foreshadow and foster for micro financial growth through its processes (recruitment and selection, training and performance management) strategically.

The study recommends that technology capabilities are very important in any microfinance bank, however, they is need to have rightful technological infrastructure that adhere and heed to the microfinancetrajectory in terms of growth.

Suggestions for Further Studies

That a further study to be conducted on strategic management capabilities challenges on microfinance financial performance in Kenya.

That a further research to be done to ascertain the impact strategic management capabilities have on the fully established microfinance banks in Kenya.

Lastly, in total, the model's R^2 degree of variance was 0.682. Only 68.2 percentof the study was finished because it was based on a case study, and theesearcher therefore recommends that the remaining 31.8 percent be completed by other researchers.

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