

ABSTRACT

The objective of our study is to assess the influence of organizational culture and industry competition on performance of microfinance institutions in Kenya. The population of the study comprise microfinance institutions that are members of the Association of Microfinance Institutions (AMFI) in Kenya. We used descriptive cross-sectional survey design. We collected secondary data from annual industry performance reports by AMFI. Primary data were collected through structured questionnaire. We analyze data through Chi-square tests, factor analysis and regression analysis. Results of Cronbach's alpha test confirm reliability of our measurement scales. Our results demonstrate that organizational culture has significant positive influence on performance when the latter is measured using subjective performance indicators. However, the relationship between organizational culture and financial performance is not statistically significant. The results also indicate that industry competition has significant but, moderate positive influence on firm performance. Our results do not confirm significant influence of interaction between organizational culture and industry competition on firm performance. Finally, our results show that the joint influence of organizational culture and industry competition on performance is statistically significant. Findings of the study have implications for theory and marketing practice. Our results support resource based view and resource advantage theories of competition. The results imply that possession of strong organizational culture that enhances reconfiguration and deployment of organizational resources is a key success factor in the microfinance industry. Findings of the study also imply that industry competition is beneficial to firms within the industry. The above findings inform our conclusion that organizational culture positively and strongly influence performance outcomes in the microfinance industry. However, the study is limited by the cross-sectional research design used. Based on the limitations of the study, we recommend the use of longitudinal research design to assess changes in organizational culture and performance over time.