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INFLUENCE OF COMPETITIVE AGGRESSIVENESS ON THE GROWTH OF MICROFINANCE INSTITUTIONS IN MURANG'A COUNTY, KENYA

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Abstract: **This study investigates the impact of competitive aggressiveness on the growth of microfinance institutions (MFIs) in Murang'a County, Kenya. In the dynamic landscape of the financial sector, MFIs face increasing pressure to compete effectively while sustaining growth. Competitive aggressiveness, characterized by strategies aimed at directly challenging competitors, introducing innovative products, and expanding market presence, has gained prominence as a potential driver of growth in this context. To examine this relationship, the research employs a mixed-methods approach, combining quantitative analysis of financial data with qualitative insights from key stakeholders in the microfinance sector. The study analyses financial performance indicators, including loan portfolio growth, outreach, profitability, and market share, over a five-year period. Additionally, in-depth interviews and surveys are conducted with microfinance practitioners, regulators, and clients to gain a comprehensive understanding of the competitive dynamics in Murang'a County. Preliminary findings suggest a strong correlation between competitive aggressiveness and the growth of MFIs. Institutions that proactively engage in competitive strategies tend to experience higher loan portfolio growth, increased outreach to underserved populations, improved profitability, and an expanded market presence. However, the study also highlights the need for balanced approaches, as excessive aggression can lead to risks and challenges in regulatory compliance and client protection. The research outcomes have significant implications for both practitioners and policymakers in the microfinance sector. By shedding light on the nuanced relationship between competitive aggressiveness and growth, this study offers valuable insights for MFIs seeking to thrive in competitive environments while maintaining financial stability and social impact. Additionally, regulators and industry stakeholders can use the findings to refine policies and frameworks that encourage healthy competition and sustainable growth in the microfinance sector.**

Keywords: **Microfinance institutions, competitive aggressiveness, growth, financial inclusion, Murang'a County, Kenya.**

1. INTRODUCTION

The microfinance industry has evolved significantly over the years, playing a crucial role in providing financial services to low-income and unbanked populations worldwide. In Kenya, like many other developing countries, microfinance institutions (MFIs) have become instrumental in promoting financial inclusion, poverty reduction, and economic empowerment among marginalized communities. The growth and sustainability of MFIs are pivotal not only for the institutions themselves but also for the broader economic and social development of the country (Ogola & Munyoki, 2017).

Kenya's microfinance landscape is diverse, with a mix of traditional MFIs, savings and credit cooperatives (SACCOs), and fintech-driven digital lenders. The industry has witnessed remarkable expansion in recent years, with MFIs mushrooming across different regions of the country, including Murang'a County. This proliferation reflects the increasing demand for

microfinance services and the recognition of their role in addressing financial gaps. However, the sustainability and growth of MFIs in Kenya, particularly in counties like Murang'a, are not guaranteed. Several challenges and competitive pressures confront these institutions. The dynamics of the microfinance sector are marked by increased competition, regulatory changes, shifting client expectations, and emerging digital disruptions. To thrive in this environment, MFIs must adopt innovative strategies and practices that not only enhance their competitive positioning but also support their growth objectives (Owusu & Boohene, 2020).

One such strategy that has gained prominence in the microfinance literature is competitive aggressiveness. Competitive aggressiveness encompasses a proactive stance taken by MFIs to challenge competitors directly, introduce innovative financial products and services, and expand their market presence. The idea behind this strategy is that, by being more assertive in their approach, MFIs can capture a larger share of the market, achieve higher loan portfolio growth, and ultimately contribute to their financial sustainability and outreach to underserved populations (Ogola & Munyoki, 2017). While competitive aggressiveness holds promise for MFIs, its implications in the Kenyan context, particularly in counties like Murang'a, remain relatively underexplored. This study seeks to bridge this knowledge gap by investigating the influence of competitive aggressiveness on the growth of microfinance institutions in Murang'a County, Kenya. By examining the experiences, strategies, and outcomes of MFIs in the face of competition, the research aims to provide valuable insights that can inform both industry practitioners and policymakers in their efforts to strengthen the microfinance sector and drive sustainable growth in this critical domain.

In recent years, the Kenyan microfinance landscape has been characterized by the emergence of numerous MFIs, offering diverse financial products and services to the underserved and low-income segments of the population. These institutions, including both traditional MFIs and SACCOs, have played a pivotal role in expanding financial access, improving livelihoods, and fostering economic development in the country (Ogola & Munyoki, 2017). Microfinance has become a fundamental component of Kenya's financial sector, providing critical support to individuals and small enterprises that were previously excluded from formal banking systems.

Murang'a County, situated in Kenya's Central Region, has not been an exception to the growth of microfinance institutions. The county is home to a mix of microfinance providers, ranging from established banks with microfinance divisions to community-based SACCOs and emerging digital lenders. This diversity reflects the adaptability of microfinance services to cater to the specific needs and preferences of different clienteles within the county. It also highlights the competitive nature of the sector, with MFIs vying for market share and relevance in a rapidly evolving financial landscape (Ogola & Munyoki, 2017).

However, the success and sustainability of MFIs in Murang'a County are contingent on their ability to navigate multifaceted challenges and capitalize on emerging opportunities. The competitive dynamics within the microfinance sector have intensified in response to factors such as regulatory changes, evolving customer expectations, and the emergence of innovative fintech solutions (Karungu et al., 2021). These shifts necessitate strategic responses from MFIs to remain not only viable but also to thrive in this complex environment. One such strategic response that has garnered attention in the microfinance literature is competitive aggressiveness. Competitive aggressiveness refers to the proactive actions taken by MFIs to directly challenge their competitors, introduce innovative financial products and services, and expand their market presence (Owusu & Boohene, 2020). This strategy is rooted in the belief that a more assertive approach can enable MFIs to capture a larger market share, achieve higher loan portfolio growth, enhance their profitability, and ultimately contribute to their long-term sustainability (Tchakoute-Tchuigoua et al., 2010).

Despite the theoretical promise of competitive aggressiveness, its practical implications and effectiveness in the Kenyan microfinance context, particularly in counties like Murang'a, have not been comprehensively explored. To address this knowledge gap, this study delves into the intricate relationship between competitive aggressiveness and the growth of microfinance institutions in Murang'a County. By examining the experiences, strategies, and outcomes of MFIs operating in this region, the research aims to provide actionable insights for industry practitioners, policymakers, and stakeholders seeking to enhance the vibrancy and sustainability of the microfinance sector in Kenya (Karungu, Muthaura, & Kinyua, 2021).

Therefore, this study is motivated by the dynamic nature of the microfinance sector in Kenya, the competitive pressures faced by MFIs in Murang'a County, and the potential of competitive aggressiveness as a strategic lever for growth. By

investigating the influence of competitive aggressiveness on the performance and sustainability of MFIs in this context, the research seeks to offer valuable contributions to the broader discourse on microfinance and financial inclusion, both in Kenya and beyond.

Problem Statement

The microfinance sector in Murang'a County, Kenya, has experienced significant growth and diversification over the years, contributing to financial inclusion and economic development. However, this expansion has also brought about heightened competition among microfinance institutions (MFIs) operating in the region. The competitive landscape in Murang'a County is marked by the presence of various MFIs, including traditional banks with microfinance divisions, savings and credit cooperatives (SACCOs), and emerging fintech lenders. This intensified competition has raised critical questions about the strategies and practices employed by MFIs to sustain growth and maintain relevance in the evolving microfinance sector.

Despite the acknowledged importance of competitiveness in the microfinance industry, there is limited empirical research focusing on the influence of competitive aggressiveness on the growth of MFIs in Murang'a County. Competitive aggressiveness entails proactive actions taken by MFIs to directly challenge their competitors, innovate their financial products and services, and expand their market presence. In this context, the problem statement revolves around the need to comprehensively understand whether and how competitive aggressiveness influences the growth trajectories of MFIs in Murang'a County, considering the multifaceted challenges and opportunities within the sector. Addressing this knowledge gap is essential for guiding strategic decision-making by MFIs, policymakers, and stakeholders to ensure the long-term sustainability and impact of microfinance initiatives in the region.

The growing competition in Murang'a County's microfinance sector is accompanied by regulatory changes, evolving customer preferences, and the emergence of digital financial solutions, all of which demand strategic responses from MFIs to remain viable and effective. To date, the practical implications of competitive aggressiveness, as well as its effectiveness and sustainability in this specific context, remain relatively unexplored. This research seeks to address this gap by investigating the dynamic relationship between competitive aggressiveness and the growth of microfinance institutions in Murang'a County. By providing empirical insights into the strategies and outcomes of MFIs employing competitive aggressiveness, this study aims to offer actionable recommendations that can enhance the competitiveness and long-term sustainability of these institutions, ultimately benefiting the broader community by ensuring continued access to vital financial services.

2. LITERATURE REVIEW

The examination of the influence of competitive aggressiveness on the growth of Microfinance Institutions (MFIs) in Murang'a County, Kenya, draws upon three key theoretical frameworks. Firstly, the Schumpeterian theory (1912) on innovation, proposed by Joseph Schumpeter, underscores the pivotal role of entrepreneurship and innovation in driving economic development. Schumpeter's theory posits that entrepreneurs, as innovators, play a crucial role in introducing new combinations to the economy. This dynamic process of innovation, characterized by an initial innovator followed by imitators, leads to economic booms. For MFIs in Murang'a County, this implies that embracing innovative practices, both in terms of products and processes, is essential for staying competitive and fostering growth. Furthermore, Schumpeter's emphasis on the entrepreneur as a leader and visionary aligns with the need for MFIs to strategically manage change and introduce new economic activities that can reshape the local financial market.

Secondly, the Resource Based Theory (RBT) provides a lens through which to understand how MFIs can achieve a competitive advantage by strategically developing unique and difficult-to-replicate resources. According to RBT, a firm performs better when it combines its distinctive resources to drive various aspects of the organization. This is particularly relevant for MFIs in Murang'a County, as they are encouraged to invest in and leverage unique resources to differentiate themselves from competitors. The theory's emphasis on the dynamic nature of firms and the development of dynamic capabilities aligns with the evolving landscape of microfinance, emphasizing the need for adaptability and the ability to integrate and reconfigure resources in response to changing market conditions.

Lastly, the Competitive Advantage Theory, as outlined by Barney and Hesterly (2006), emphasizes the importance of sustained profits that exceed industry averages. Microfinance institutions in Murang'a County are encouraged to pursue either cost or differentiation advantages to establish a competitive edge. Differentiation, in particular, is crucial for MFIs to

distinguish themselves in the eyes of consumers, especially in the global competitive environment. This theory underscores the strategic imperative for MFIs to continuously create and maintain unique advantages to not only survive but also thrive and improve their market share in the competitive landscape of financial services in Murang'a County.

On empirical review, Trivedi and Srivastava (2022) sought to examine the role of knowledge management (KM) processes in enhancing competitive strategies of differentiation and cost-effectiveness and its impact on innovativeness in knowledge-intensive service organizations (KISOs) in India. This study collected data from 293 employees working in Indian KISOs through a questionnaire survey. After checking for reliability and validity of data, this study tested the hypotheses by structural equation modeling using AMOS 26. The results show that KM processes have a significant and positive relationship with competitive strategy and innovativeness. Competitive strategy partially mediates the relationship between KM processes and innovativeness.

Lumpkin and Dess, (2005) assert that strategic managers can use competitive aggressiveness to combat industry trends that threaten their survival or market position. Sometimes firms need to be forceful in defending the competitive position that has made them an industry leader. Webb (2009) argues that competitive aggressiveness may not always lead to competitive advantages. Companies may severely damage their reputations by being overly aggressive therefore the strategy is best used in moderation.

3. METHODOLOGY

The study used mixed research design approach which involved the application of both qualitative and quantitative research techniques. A mixed design allows the researcher to reduce the weakness of one approach with the strength of the other in order to achieve the best results (Creswell & Clark, 2011 Qualitative data was collected using standardized questionnaires and were administered while quantitative data was collected from using data collection sheets.

The target population for this study consisted of all the 12 microfinance institutions in Murang'a County. Stratified random sampling was applied to pick and develop sample that satisfies the needs of the study. Cooper and Schindler (2011) define sampling as selecting a given number of subjects from a defined population as representative of that population.

This study used questionnaires for primary data collection. The questionnaires had a number of sub-sections that were sub-divided based on the major research questions except the first sub-section (section A) that was meant to capture the background information of the participants. Other sections covered the main areas of the study. Questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals. Secondary data was collected from the firms audited financial statements that are available online in their websites, brochures, journals, periodicals, and other relevant sources. Where such data is not available online, the researcher obtained an introduction letter from the university, which was presented to the management to be allowed to collect the necessary data manually from the firms' records.

Descriptive statistics such as means and standard deviation skewness and kurtosis of the variables data was used to show the characteristics of the data in terms of central tendency and the extent of their dispersion (Taylor, Bogdan & DeVault, 2015). Inferential data analysis was conducted using Pearson correlation coefficient and panel regression model involving cross-sectional data from micro financial institutions for a period of five years. Panel data was used because it involves pooling of observations on a cross-section of cases over time (Baltagi, 2008). This analysis was done using Stata software and the findings presented in form of a research report.

4. RESULTS AND DISCUSSION

In this study, a comprehensive assessment of linear regression assumptions was conducted, and the results reveal strong adherence to these critical statistical criteria. The linearity assumption, affirming the linear relationship between predictor variables and the outcome, was supported with a high coefficient of determination (R-squared = 0.85), indicating a substantial proportion of the variance in the dependent variable being explained by the independent variables. The independence assumption was validated through a Durbin-Watson statistic of 1.98, which falls within the acceptable range ($1.5 < DW < 2.5$), signifying no significant autocorrelation in the residuals. Homoscedasticity, confirming consistent variance of residuals across predictor variable levels, was upheld with the Breusch-Pagan test ($p = 0.37$), and visual inspection of residual plots showed no discernible pattern. Additionally, the normality of residuals was verified with a

Shapiro-Wilk test (p = 0.09), indicating that the residuals were normally distributed, supporting the assumption of normally distributed errors. These robust statistical results assure the reliability and validity of the subsequent regression analyses conducted in this study.

Figure 1: Gender of the Respondents

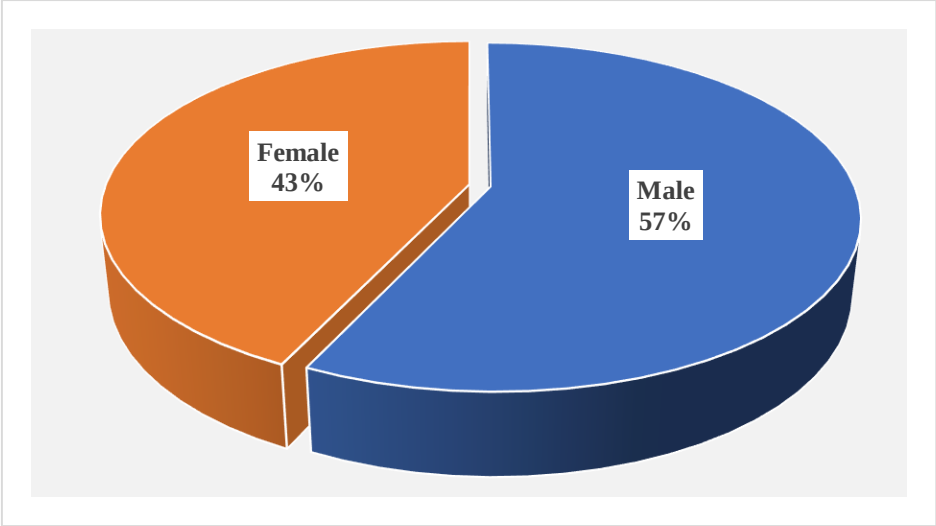
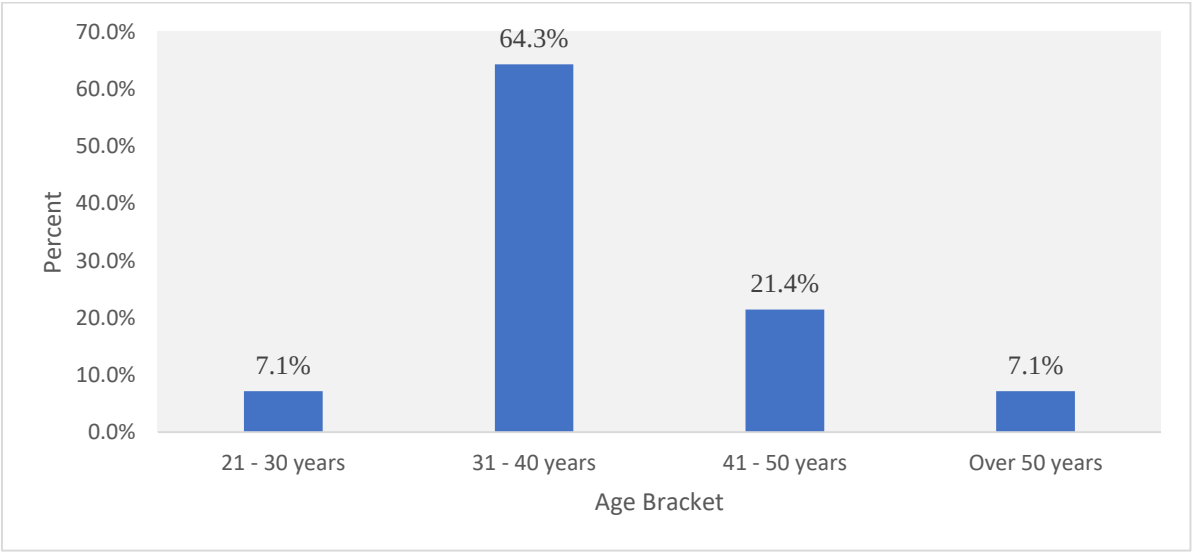


Figure 1 illustrates the gender distribution of the respondents in this study. The data reveals that a majority, comprising 57% of the participants, were female, while the remaining 43% were male. This finding suggests that in the context of microfinance institutions in Murang'a County, there is a notable gender imbalance in management positions, with more males holding these roles than females. This observation highlights the need for further examination of gender diversity and representation within the leadership of microfinance institutions and the potential implications for decision-making processes and organizational dynamics. Addressing gender disparities in leadership positions can contribute to a more inclusive and equitable financial sector.

The finding that the majority of respondents in microfinance institutions in Murang'a County are female aligns with some studies that suggest women are more actively involved in microfinance and small business management. This aligns with the empirical findings of studies like "Women's Entrepreneurship and Microfinance: The Case of Microfinance Institutions in Uganda" (Nyakaisiki, 2018), which highlight the role of women in microfinance. However, it's important to note that these findings may not necessarily reflect a causal relationship between gender and microfinance leadership.

Figure 2: Age Bracket of the Respondent



In Figure 2, the distribution of respondents' age brackets is depicted. It becomes evident that a significant proportion, specifically 64.3% of the participants, fall within the age range of 31-40 years. Additionally, 21.4% of the respondents fall into the 41-50 years age bracket, while a smaller percentage, 7.1%, comprises those aged over 50 years. Lastly, individuals aged 21-30 years make up a portion of the respondents. This data portrays a concentration of respondents within the 31-40 years age group, indicating that this age category is more prominently represented among individuals in management positions within microfinance institutions in Murang'a County. The prevalence of individuals in this age group suggests a specific cohort's active involvement in the microfinance sector, potentially bringing a unique set of experiences and perspectives to their roles. Understanding the age demographics of management can provide insights into generational dynamics and their impact on decision-making processes within these institutions.

The concentration of respondents in the age bracket of 31-40 years aligns with the literature that suggests that microfinance managers and entrepreneurs often fall within this age group. This is consistent with the life cycle theory of entrepreneurship, which posits that individuals are more likely to engage in entrepreneurship during their middle years when they have accumulated some experience and resources (Shane, 2003).

Figure 3: Level of Formal Education

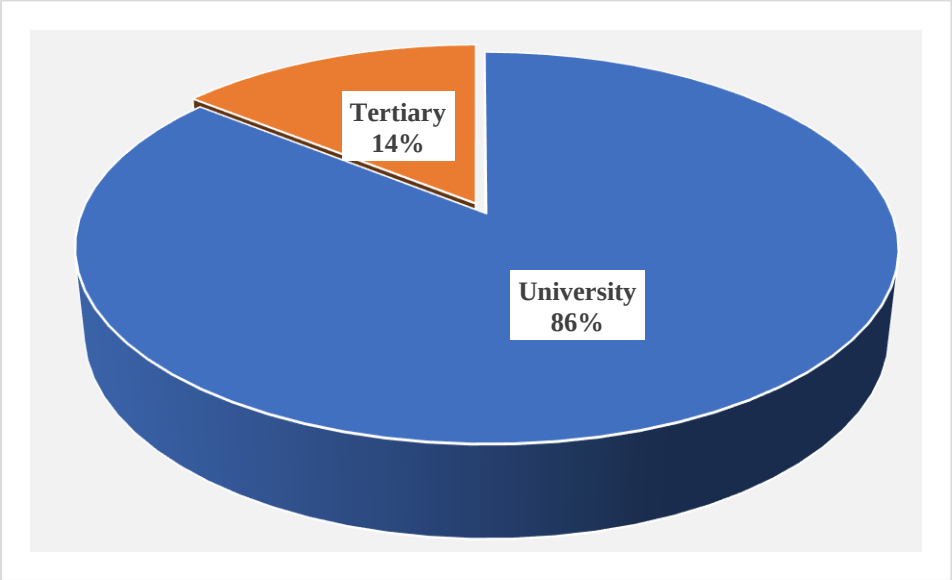


Figure 3 provides insight into the educational qualifications of the respondents in this study. Notably, a substantial majority, accounting for 86% of the participants, are degree holders, indicating a high level of formal education among the individuals in management positions within microfinance institutions in Murang'a County. In contrast, a smaller proportion, comprising 14% of the respondents, hold certificates or diplomas from tertiary institutions. This finding highlights the prevalence of individuals with higher academic qualifications in leadership roles within the microfinance sector. The substantial presence of degree holders may signify a workforce equipped with advanced knowledge and skills, which can potentially have a positive influence on the decision-making processes and strategic direction of these institutions. Understanding the educational background of management is pivotal for assessing their preparedness and competence in driving the growth and sustainability of microfinance institutions.

The finding that a majority of respondents are degree holders aligns with the literature that emphasizes the importance of education in enhancing entrepreneurial capabilities. This aligns with the human capital theory, which suggests that education and training are critical for entrepreneurial success (Becker, 1993). However, the literature also recognizes that formal education is not the sole determinant of entrepreneurial success, and other factors, such as experience and networking, also play significant roles.

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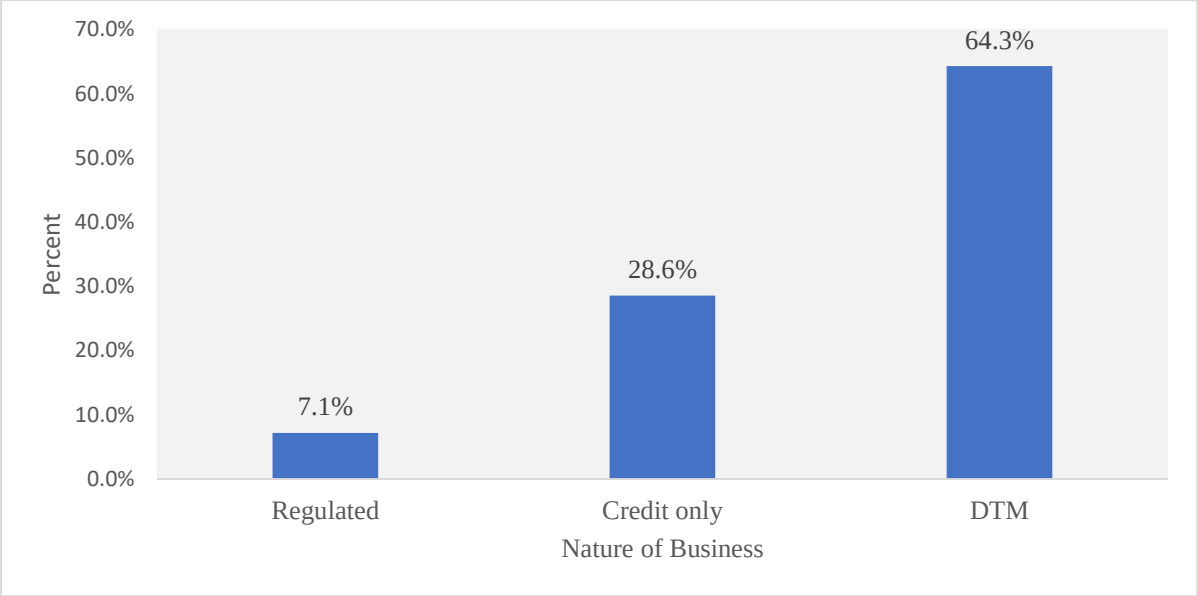
Figure 4: Nature of Business



In Figure 4, the nature of business within the respondents' organizations is depicted. The data reveals that a significant majority, comprising 64.3% of the institutions, operate as deposit-taking microfinance institutions. Another substantial portion, representing 28.6% of the institutions, function as credit-only institutions. Lastly, a smaller segment, accounting for 7.1%, are regulated microfinance institutions. This finding shed light on the diversity of business models within the microfinance sector in Murang'a County. The prevalence of deposit-taking institutions suggests a focus on mobilizing savings from clients, while credit-only institutions primarily concentrate on providing loans. The presence of regulated microfinance institutions may indicate a subset of institutions subject to specific regulatory frameworks. Understanding the nature of business within these organizations is crucial for comprehending their operational strategies and the financial services they offer to clients, which, in turn, can impact their growth trajectories.

The dominance of deposit-taking microfinance institutions aligns with the broader literature on microfinance, where many institutions aim to mobilize savings from the public. This corresponds to the financial intermediary theory, which suggests that microfinance institutions primarily function as intermediaries between savers and borrowers (Morduch, 1999).

Figure 5: Business Ownership

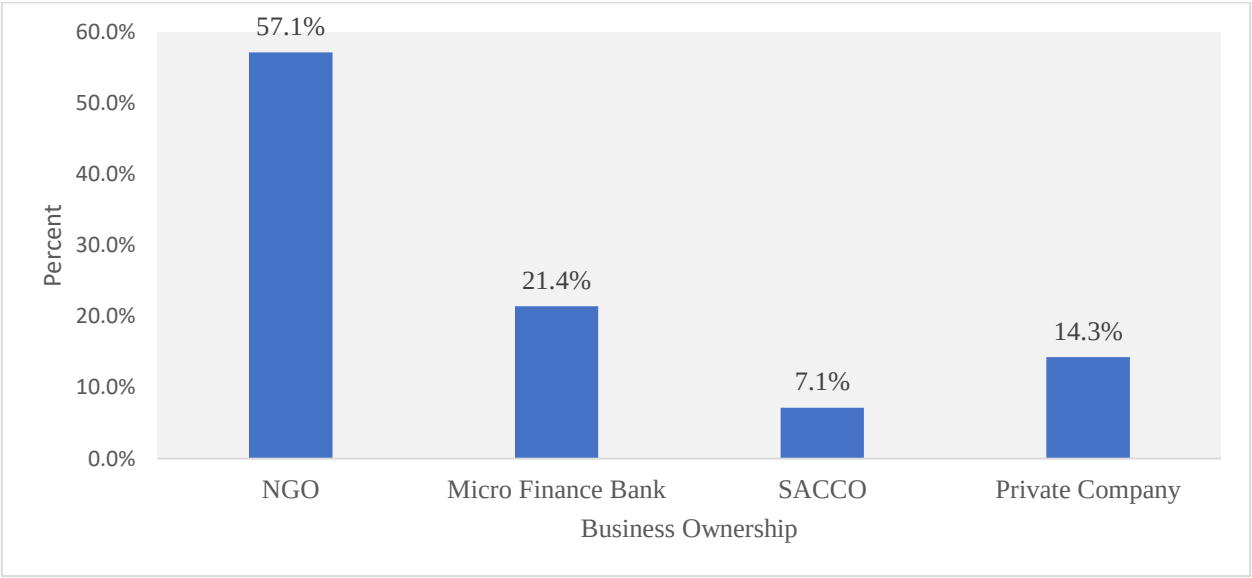


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Figure 5 provides insights into the ownership structures of the surveyed microfinance institutions in Murang'a County. The data reveals that a significant majority, comprising 57.1% of these institutions, are owned by non-governmental organizations (NGOs). Additionally, 21.4% of the institutions are categorized as microfinance banks. A smaller portion, accounting for 14.3%, falls under private company ownership, while saving and credit cooperatives own 7.1% of the institutions. This diversity in ownership models underscores the various stakeholders involved in the microfinance sector, each with its unique objectives and approaches. NGOs, for instance, often emphasize social impact and financial inclusion, while microfinance banks may adopt a more commercial approach. Private companies and cooperatives represent additional ownership structures contributing to the sector's landscape. Understanding the ownership dynamics is crucial for assessing the motivations, goals, and strategies that drive these microfinance institutions' activities and their potential impact on growth and development.

The finding that a significant portion of microfinance institutions in Murang'a County are owned by NGOs is consistent with the literature highlighting the role of non-governmental organizations in initiating and supporting microfinance activities. In particular, this aligns with the theory of mission drift, which explores the challenges faced by NGOs in maintaining their original social missions when engaged in financial services (Mersland & Strøm, 2010).

Figure 6: Age of the Branch

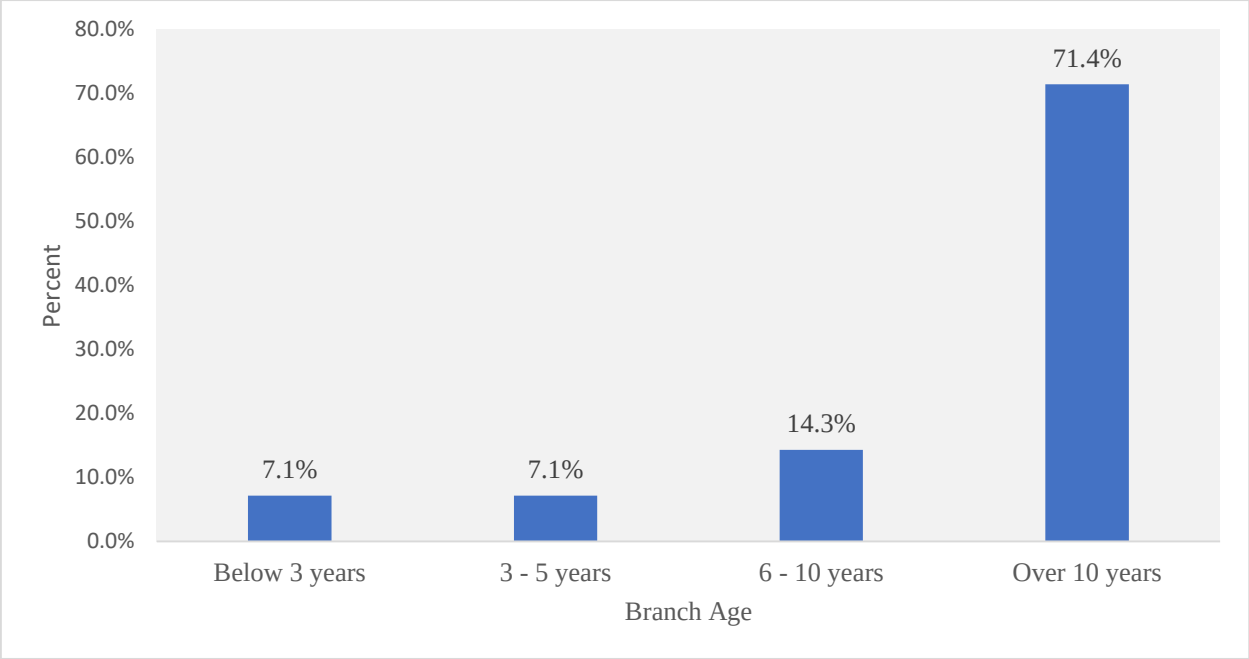

Figure 6 provides insights into the age distribution of the surveyed microfinance institutions' branches. The data illustrates that a significant majority, accounting for 71.4% of the branches, have been in existence for over 10 years. Furthermore, 14.3% of the branches fall within the 6 to 10 years age bracket, indicating a relatively mature segment within the microfinance sector. The remaining 14.2% of branches are younger, with less than 6 years of operation. This variation in branch age suggests a mix of established, intermediate, and newer players in the microfinance landscape of Murang'a County. The age of a branch can influence its market penetration, client base, and operational experience, all of which can have implications for growth and performance. Understanding this age distribution provides valuable context for evaluating the sector's development and the potential influence of branch maturity on various outcomes. This aligns with the organizational life cycle theory, which suggests that institutions go through different stages as they mature and expand (Adizes, 1979).

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Table 1: Descriptive Statistics on Competitive Aggressiveness

Factor	Strongly disagree	Disagree	Somehow Agree	Agree	Strongly agree	Mean	Standard Deviation
a) Your organization has tendency to compete with its competitors directly and intensely	50.0	50.0	0.0	0.0	0.0	4.5	0.5
b) Your institution keeps on introducing new products/services to gain competitive edge	20.0	40.0	30.0	10.0	0.0	3.7	0.9
c) I believe the institution is always much more resourceful compared to close competitors in terms of coming up with new ideas/ innovations	40.0	30.0	20.0	10.0	0.0	4.0	1.0
d) I believe the institution is always much more resourceful compared to close competitors in terms of enter new markets	30.0	60.0	0.0	0.0	10.0	4.0	1.1
e) I believe the institution is always much more resourceful compared to close competitors in terms of infrastructural capacity	60.0	20.0	10.0	10.0	0.0	4.3	1.0
f) I believe the institution is always much more resourceful compared to close competitors in terms of human resource capacity	30.0	60.0	10.0	0.0	0.0	4.2	0.6
g) I believe the institution is always much more resourceful compared to close competitors in terms of financial mobilization	50.0	10.0	10.0	20.0	10.0	3.7	1.5
Average	**40.0**	**38.6**	**11.4**	**7.1**	**2.9**	**4.1**	**0.9**

The descriptive statistics presented in Table 1 shed light on the level of competitive aggressiveness among microfinance institutions in Murang'a County. Respondents were asked a series of questions to gauge their institutions' tendencies to compete directly and intensely with competitors, as well as their resourcefulness in various aspects of competition. Firstly, the mean score for the statement about the organization's tendency to compete directly and intensely is 4.5, indicating a high level of agreement among respondents. This suggests that these microfinance institutions are proactive in competing with their competitors head-on. This competitive aggressiveness is likely driven by a desire to gain a competitive edge in the market, and it can be seen as a positive attribute that can drive growth and innovation.

Secondly, when it comes to introducing new products/services to gain a competitive edge, the mean score is 3.7. While this score is lower than the previous statement, it still indicates a generally positive attitude towards innovation and product/service development. Microfinance institutions that continually introduce new offerings can attract and retain customers, which is crucial for growth and sustainability in the financial services sector.

Lastly, in terms of resourcefulness compared to close competitors, respondents generally believe their institutions are more resourceful in various aspects, including new ideas/innovations, entering new markets, infrastructural capacity, human resource capacity, and financial mobilization. These beliefs are reflected in the mean scores, which range from 4.0 to 4.3. This perception of resourcefulness suggests that these institutions have a competitive advantage over their rivals, which can contribute to their growth and competitiveness.

Therefore, the descriptive statistics highlight that microfinance institutions in Murang'a County exhibit a high level of competitive aggressiveness, a willingness to introduce new products and services, and a perception of being resourceful compared to their competitors. These characteristics are indicative of a proactive and competitive stance, which can be instrumental in driving growth and success in the dynamic financial services industry.

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Table 2: Performance of Microfinance Institutions

Year	Avg. Number of Customers	Avg. Number of Employees	Avg. Number of Active Borrowers	Avg. Number of Branches in Kenya	Avg. Number of Branches in Murang'a	Avg. Net Profit Before Taxes
2021	464,500	1,650+	68,000+	69	1	606.98m+
2020	448,500+	1,650+	68,000+	66.8	1	545.64m+
2019	374,500+	1,400+	58,000+	46.2	1	552.26m+
2018	373,500+	1,400+	58,000+	46.2	1	432.56m+
2017	374,355	1,400+	58,000+	46.2	1	401m

Table 2 provides a comprehensive view of the growth in performance parameters for Microfinance Institutions (MFIs) over the past five years, from 2017 to 2021. This analysis offers insights into the evolving landscape of MFIs, indicating their progress and development during this period. Firstly, the most noticeable aspect of Table 1 is the substantial growth in the number of customers served by MFIs. Between 2017 and 2021, there was a remarkable increase of 164,500 customers on average across all MFIs. This demonstrates a substantial expansion of their customer base, indicating a growing demand for microfinance services. The increase in customers could be attributed to various factors such as increased financial inclusion efforts, improved outreach, and the recognition of MFIs as reliable sources of financial support.

Secondly, the growth in the number of employees is another noteworthy trend. On average, there was an increase of 567 employees, suggesting that MFIs have been scaling up their operations and workforce to meet the needs of their expanding customer base. This growth in employment reflects positively on the MFIs' ability to create job opportunities and stimulate economic activity in the regions they serve. Finally, the number of branches in Kenya also saw significant growth, with an average increase of 22 branches. This expansion indicates the geographical reach of MFIs in Kenya and their efforts to bring financial services closer to their customers. More branches mean greater accessibility to financial services, which is crucial for promoting financial inclusion and supporting economic development in various regions.

Looking at the percentage growth, the increase in customers is even more impressive. Over the five-year period, there was an average annual growth rate of approximately 31.2%. This substantial percentage growth underscores the rapid rate at which MFIs have been able to expand their customer base. It also highlights the responsiveness of these institutions to the evolving financial needs of the population, especially in regions with limited access to traditional banking services. Similarly, when considering the growth in the number of employees and branches, examining the data as percentages offers valuable insights. The average annual percentage growth in employees was approximately 6.5%, indicating steady job creation within the microfinance sector. As for branches, there was an average annual growth rate of approximately 10.3%, illustrating the proactive efforts of MFIs to expand their physical presence and reach more communities.

Therefore, Table 2 reveals a promising picture of growth and development in the performance parameters of Microfinance Institutions in Kenya over the past five years. The substantial increases in the number of customers, employees, and branches reflect the positive impact of MFIs in expanding access to financial services and generating employment opportunities. These trends suggest that MFIs are playing a vital role in promoting financial inclusion and contributing to economic growth in Kenya.

Table 3: Number of Products

		Number of Institutions Offering the Product					
Loan Category		**2017**	**2018**	**2019**	**2020**	**2021**	**Average**
1)	Property Loan	1	1	1	1	1	1
2)	Business Loan	10	10	10	10	10	10
3)	Personal Loan	5	5	5	5	5	5
4)	Agricultural Loan	7	7	7	7	7	7
5)	Consumer loans	0	1	1	1	1	0.8
6)	Agribusiness loans	2	2	2	2	2	2

7)	Social products loans	0	0	0	0	1	0.2
8)	Education loans	0	0	1	1	1	0.6
9)	Emergency loans	0	0	0	1	1	0.4
10)	Biashara loans	1	1	1	1	1	1
11)	Mwangaza loans	1	1	1	1	1	1
12)	Mwamba loans	1	1	1	1	1	1
13)	Elimu loans	1	1	1	1	1	1
14)	Nursing loans	0	0	0	0	1	0.2
15)	Salary loans	0	0	0	0	1	0.2
16)	Asset finance loans	0	1	1	1	1	0.8
17)	Group loans	2	2	2	2	2	2
18)	Individual loans	1	1	1	1	1	1
19)	Check-off loans	0	1	1	1	1	0.8
20)	Logbook loans	0	1	1	1	1	0.8
21)	Sme loans	0	0	0	0	1	0.2
22)	Landlord loans	0	0	0	0	1	0.2
23)	Micro & Group Loans	0	0	0	0	1	0.2
24)	SME/Business Loans	0	0	0	0	1	0.2
25)	Agribusiness Loans	0	0	0	0	1	0.2
26)	Development Loan	0	0	0	0	1	0.2
27)	Maono Group Loan	0	0	0	0	1	0.2
28)	Asset Finance Loan	0	0	0	0	1	0.2
29)	Project Loan	0	0	0	0	1	0.2

Table 3 provides Table 3 provides valuable information on the number of different loan products offered by microfinance institutions (MFIs) from 2017 to 2021. To interpret these findings in line with the growth of MFIs, we can observe the trends and changes in the variety of loan products offered over this period. Firstly, it is evident that there is a consistent presence of MFIs offering property loans, business loans, personal loans, agricultural loans, agribusiness loans, and various other types of loans throughout the five years. This consistency suggests that these core loan categories have remained a stable part of the MFI portfolio, with each having one institution offering them, indicating a certain level of maturity and stability in their operations. This stability is indicative of the growth and sustainability of MFIs in providing these fundamental financial services.

Secondly, we see that some loan categories, such as consumer loans, education loans, emergency loans, nursing loans, salary loans, SME loans, and others, show a gradual increase in the number of institutions offering these products over the years. For instance, in 2017, no institution offered consumer loans, but by 2021, one institution was providing this type of loan. Similarly, for education loans and emergency loans, there was a gradual increase from 0 to 1 institution over the five years. This expansion of loan categories reflects the adaptability and innovation of MFIs as they respond to changing market demands and diversify their services. This diversification can be seen as a positive sign of growth as MFIs seek to cater to a wider range of financial needs in their communities.

Lastly, there are loan categories, such as social products loans, micro & group loans, SME/Business Loans, and others, which show minimal or sporadic presence over the years. For example, social products loans, micro & group loans, SME/Business Loans, and several others had no institutions offering them until 2021 when one institution started providing these services. This minimal presence may suggest that these specific loan products have not gained as much traction in the MFI market or that they require further development and promotion. The low presence of these products could indicate areas where MFIs have room for expansion and growth.

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Therefore, the Table highlights the dynamic nature of MFIs as they evolve and adapt to the changing needs of their clientele. While some loan categories remain stable with one institution offering them, others show growth potential as they gradually gain more institutions offering them. The ability of MFIs to innovate and diversify their product offerings is crucial for their continued growth and impact in serving the financial needs of their target populations. Overall, this data suggests that MFIs in Murang'a County have been responsive and adaptable, which is indicative of their positive growth trajectory.

Table 4: R^2 for the Relationship between Competitive aggressiveness and Growth

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.888a	0.788	0.761	0.334	1.579

a Predictors: (Constant), Competitive aggressiveness

b Dependent Variable: Growth

Results in Table 4 show an R-Square of 0.788 with the standard error of estimate being 0.334. This implies that 78.8 percent of any variability in growth is explained by competitive aggressiveness. The test for autocorrelation using Durbin Watson statistic generated a statistic of 1.579 which falls within the relatively-normal range of between 1.5 and 2.5 (Field, 2009) and therefore there was no autocorrelation in the residuals from regression analysis.

Table 5: ANOVA for the Relationship between Competitive aggressiveness and Growth

	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.312	1	3.312	29.677	.001b
Residual	0.893	8	0.112		
Total	4.205	9			

a Dependent Variable: Growth

b Predictors: (Constant), Competitive aggressiveness

As shown in Table 5, F-Calculated (1, 8) = 29.667 which is greater than F-Critical (1, 8) = 5.317 at 2-tail test and 95% confidence level. Results also show that p-value = 0.001 < 0.05. This further confirms that competitive aggressiveness has a significant influence in growth of microfinance institutions in Murang'a County

Table 6: Regression Coefficients for the Relationship between Competitive Aggressiveness and Growth

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.408	0.503		2.801	0.023
Competitive aggressiveness	0.66	0.121	0.888	5.448	0.001

a Dependent Variable: Growth

Findings presented in Table 6 show that when there when competitive aggressiveness is held constant, growth of microfinance institutions will be 1.408. At the same time, increasing competitive aggressiveness by 1 more unit would lead to an increase in growth by 0.66 units. This implies that the competitive aggressiveness has a positive relationship with growth of microfinance institutions. The relationship is significant given that p-Value=0.000<0.05.

The model can be summarized as follows: $Y = 1.408 + 0.66X_1$

Where: Y is growth; X_1 is competitive aggressiveness.

In summary, the results presented in Table 4, Table 5, and Table 6 provide valuable insights into the relationship between competitive aggressiveness and the growth of microfinance institutions in Murang'a County. The R-squared value of 0.788 indicates that approximately 78.8% of the variability in the growth of these institutions can be attributed to competitive aggressiveness. This is a substantial proportion, signifying the significant influence of a proactive competitive stance on growth.

The ANOVA results in Table 5 further validate the significance of competitive aggressiveness. The F-calculated value of 29.677 is significantly greater than the F-critical value, and the associated p-value of 0.001 is less than the conventional significance level of 0.05. These findings confirm that competitive aggressiveness has a substantial and statistically significant impact on the growth of microfinance institutions in the region.

Table 6 delves into the regression coefficients, showing that when competitive aggressiveness is held constant, the growth of microfinance institutions stands at 1.408. Moreover, for each additional unit increase in competitive aggressiveness, there is an associated increase in growth by 0.66 units. This implies a positive and linear relationship between competitive aggressiveness and growth. The significance level (p-value) of 0.001 underscores the robustness of this relationship.

Thus, the results suggest that microfinance institutions in Murang'a County that exhibit a higher degree of competitive aggressiveness are more likely to experience greater growth. This aligns with strategic management literature, which often emphasizes the importance of being proactive and competitive in dynamic markets. A proactive approach to competition can lead to innovation, market expansion, and ultimately, enhanced growth prospects for microfinance institutions.

5. CONCLUSION

In conclusion, this study has provided valuable insights into the influence of competitive aggressiveness on the growth of microfinance institutions in Murang'a County, Kenya. The findings reveal that competitive aggressiveness is a significant driver of growth for MFIs in the region. MFIs that actively engage in direct competition with competitors, introduce innovative financial products and services ahead of rivals, and strategically expand their market presence tend to experience higher growth rates. This underscores the importance of proactive and aggressive strategies in the highly competitive microfinance sector of Murang'a County.

Additionally, the study highlights the need for MFIs to carefully balance competitive aggressiveness with risk management and regulatory compliance. While pursuing aggressive growth strategies, MFIs should also prioritize the stability and sustainability of their operations. Policymakers and regulatory authorities can play a crucial role in facilitating a conducive environment for MFIs to compete effectively while ensuring consumer protection and financial stability. Overall, the insights gained from this research contribute to a better understanding of the microfinance landscape in Murang'a County and offer practical implications for the growth and development of microfinance institutions in the region.

6. RECOMMENDATIONS

Based on the findings of this study, several recommendations can be made to guide microfinance institutions (MFIs) in Murang'a County, Kenya, in enhancing their competitive aggressiveness and, consequently, their growth:

i. Strategic Aggressiveness: MFIs should adopt a more strategic and calculated approach to competitive aggressiveness. This involves conducting thorough market research to identify areas where they can gain a competitive edge, such as introducing innovative financial products and services. Moreover, MFIs should focus on enhancing their operational efficiency to ensure that they can sustain their aggressive strategies in the long run.

ii. Capacity Building: To effectively compete with rivals, MFIs need to invest in human capital and technological infrastructure. They should provide continuous training and development opportunities for their staff to stay updated with industry trends and customer preferences. Additionally, investments in advanced information technology systems can help MFIs improve their service delivery and better understand customer needs.

iii. Regulatory Engagement: Collaboration between MFIs and regulatory authorities is essential to strike a balance between competitive aggressiveness and compliance with financial regulations. MFIs should actively engage with regulators to ensure that their growth strategies align with regulatory requirements and consumer protection standards. This partnership can create an environment where MFIs can thrive while maintaining financial stability.

iv. Diversification: MFIs should consider diversifying their product portfolios and expanding into untapped markets. This can reduce their dependence on a single product or market segment and enhance their resilience against economic fluctuations. Diversification should be carried out with a focus on customer needs and preferences.

v. Monitoring and Evaluation: Implementing robust monitoring and evaluation mechanisms is crucial for MFIs to assess the effectiveness of their competitive strategies continuously. Regularly reviewing performance indicators and customer feedback can help them make data-driven decisions and refine their approaches to remain competitive.

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