INFLUENCE OF TRANSFORMATIONAL LEADERSHIP OUTCOMES ON PERFORMANCE OF STAFF IN MICROFINANCE INSTITUTIONS IN KENYA

BY

PATRICK GACHUIRI GATHONDU

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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A Dissertation Report Submitted to
Chandaria School of Business in partial fulfillment of the Requirement for the
Degree of Doctor of Business Administration (DBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SPRING 2018
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credits.

Signed________________________________ Date____________________

Patrick Gachuiiri Gathondu (ID NO: 645081)

This dissertation report has been presented for examination with our approval as appointed supervisors.

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Deputy Vice Chancellor, Academic Affairs
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Microfinance is a key sector in economic growth. This is mainly because it targets the unbanked and marginalized people especially in the rural areas and thus has direct impact on poverty eradication. However, various challenges define microfinance today and present a leadership challenge that needs to be tackled for the sector to improve and deliver its mandate. The overall research aim was to examine influence transformational leadership outcomes have on staff performance in Kenya’s microfinance institutions. The study specifically looked at effects of learning, commitment, trust and staff satisfaction that are considered major outcomes of transformational leadership outcomes. This research employed descriptive research design. The study targeted institutions that were engaged in retail microfinance and that are members of Kenyan Association of Microfinance Institutions (AMFI). Primary data was gathered from the respondents whereas secondary data was collected from AMFI on performance of institutions. Analysis of unit was staff in microfinance institutions that were categorized into three: the senior management, middle level managers and the other staff who participated in daily activities of microfinance who were involved in a self-administered questionnaire. Performance was assessed through the load that microfinance officers carry in terms of the outstanding loan balance, the number of customers that individuals in the organization have as well as the portfolio quality and turnover rates within the organizations. The target population was 250 senior managers, 700 middle level managers and 4,883 other microfinance staff. Stratified sampling technique was used to obtain sample and sample size was determined using the Cochran’s formula to be 385 which was large enough to allow for generalization. A pilot study was carried out in Embu County to test data reliability of the data gathering tools. Data analysis was done using (first write SPSS in full) SPSS. A multiple linear regression model that reflects relationship amongst factors was generated to reflect the extent that variables influence performance. The findings revealed that commitment, trust, learning and staff satisfaction haves a positive and significant relationship with staff performance in microfinance institution. The results show that commitment, trust, learning and staff satisfaction explain 76% of the variance in the staff performance of micro-finance staff. The study rejected the null hypothesis and concluded that commitment, trust, learning and staff satisfaction influenced performance in micro-finance institutions in Kenya. From the
study findings, the study concludes that staff commitment, trust, learning and staff satisfaction as an outcome of transformational leadership have a positive and significant relationship to staff performance in micro-finance institutions in Kenya. Further, the study concludes that new entrance moderates the relationship between transformational leadership outcome and staff performance in Microfinance Institutions. The study recommends that transformational leadership in micro-finance institutions should be associated with very high self-evaluation that is characterized by high self-realize, efficacy and high control locus and stability in emotions in order to foster commitment within the institution.
ACKNOWLEDGMENT

I acknowledge my supervisors Prof. Stephen Nyambegera and Associate Professor Michael Kirubi for the guidance and valuable input they gave during the process of coming up with this thesis.

I am very thankful to Chandaria School of Business for the molding and my DBA colleagues for encouragement and support.

I salute my family for the moral support and encouragement though the journey.

May God bless you all.
DEDICATION

This work is dedicated to my dear family, wife Lilian and sons Lee and Bill for the moral support.
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# ABBREVIATIONS

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<thead>
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>AMFI</td>
<td>Association of Microfinance Institutions in Kenya</td>
</tr>
<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
</tr>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>CGAP</td>
<td>Consultative Group on Alleviation of Poverty</td>
</tr>
<tr>
<td>MFI</td>
<td>Micro Finance Institutions</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>OCB</td>
<td>Organization Citizenship Behavior</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
</tr>
<tr>
<td>TLO</td>
<td>Transformational Leadership Outcomes</td>
</tr>
</tbody>
</table>
CHAPTER ONE

1.0 Introduction

1.1 Background of the Problem

As discipline, leadership is cross cutting and differentiates one organization from the other. Microfinance organizations are no different. Powell (2011) insists that leadership is critical and crucial to both the growth and change in organizations. Leadership is described as the bond that makes people of diverse nature and background work together to achieve a common goal (Usman, 2011). The style of leadership has been found to determine the level of satisfaction and productivity of employees in an organization (Taylor, 2014; Victoria, 2011). Different leadership behaviors produce different effects on employees and have clearly distinct outcomes (Erkutlu, 2008).

Transformational leadership outcomes as described above range from higher employees’ satisfaction, commitment and productivity or lack of the same. It is a fair assessment to state that leadership behavior therefore regulates and controls the effectiveness of the organization. Effects of leadership outcomes have been seen to influence the commitment that staff have on the organization (Nair, 2014). A majority of challenges faced by institution are greatly reduced if the right leadership is employed (Abdul & Dean, 2013).

Transformational leadership has been related to several outcomes in staff. Trust level that employees have defined their stay in organization, the commitment and the urge to do new things within organizations. Transformational leadership outcomes reinforce the desire for staff to continue working in an organization as well as their willingness to be innovative which leads to the company gaining a competitive edge over the peers in a sector (Augustine, 2012; Chan, 2010; Chang & Lee, 2010). The impact of transformational leadership outcomes is felt through follower development. Key transformational outcomes have been studied (Verma, Robles, Alavi, Karami, Albino, Alvesson, & Yeung, 2013). The effects leaders have on followers are attributed to the relationship that defines their day-to-day interactions.

Microfinance institutions are special institutions that were started to enhance access to credit and banking services for the marginalized groups and those that were alienated by the mainstream banking especially those who live in the rural areas (Aboagye & Otieku, 2010). The goals of Microfinance institutions are to enhance social economic status of the people
they serve, enhance economic growth, improvement wellbeing and alleviating poverty. Microfinance traces its roots from Grameen Bank that was started by Prof. Yunus in Bangladesh.

Prof. Yunus was an advocate of women and had an ardent believe that poverty could be eradicated if all women were empowered (Aboagye & Otieku, 2010; Katwalo & Muhanji, 2014; Waweru, Spraakman, Ashraf, Kabir Hassan, & Hippler, 2012). He was awarded a Nobel award in the year 2006 in recognition of the model and idea that many institutions around the world later convention led. From Yunus’ leadership, a formidable organization, Grameen Microfinance Bank was formed and has earned him accolade in many quarters. The bank targeted women and banked on them to boost and support meet the needs of the family thus improving their economic standing. The impact of microfinance has always been rated on the number of lives they have touched through the loans they give, the sustainability index and portfolio quality (Waweru et al., 2012).

Waweru et al., (2012) state role of microfinance especially in Kenya as to ‘Provide loans for the poor to support transform their lives’. Microfinance has attracted investors who are optimistic that business would play a key role to enhance common good. In Kenya, MFIs have found a niche in the rural unreachable market and they have in a way tailored their services to serve the niche with products that are unique and tailored to address the limitations that the poor have (Aboagye & Otieku, 2010; Katwalo & Muhanji, 2014; Waweru et al., 2012). They aim at affording credit to the very poor and make them more poised towards economic development. The microfinance institutions that are members of AMFI do share their performance information with AMFI and participate in periodic reports that are done by AMFI on the sector while the others do not report and thus are not officially recognized.

All through, transformational leadership is known to have many outcomes and some have been studied, (Chan, 2010; Chang & Lee, 2010; Fitzgerald et al., 2010; Joo et al., 2012; Loon et al., 2012). Resource Based View Theory, Transformational Leadership Theory, Social Learning Theory of Leadership and Goal Setting Theory guided the study.

In Malaysia transformational leadership on supporters’ performance was indirectly influenced by empowerment (Ismail, Mohamed, Suleiman, Mohamad & Yusuf, 2011). The idea of this relationship is intriguing Nevertheless, little is thought about the intervening impact of empowerment in the leadership show. The subsequent examines on the role of empowerment on transformative leadership confirmed that it played a significant role on
organizational leadership and their performances (Mokhber, bin Wan Ismail & Vakilbashi, 2015). Leadership staff used approaches and methods established by the partners, which contributed immensely to their performance. The management had to share their own creativity and innovation keeping in mind the end goal to accomplish the target objectives.

In Germany, men and women essentially used the same behaviors that were associated with transformational leadership outcomes (Kent et al., 2010). However, men and women communicated differently in the leadership duties. Men attempted to convey the significance and estimation of critical issues inside organization marginally more often than women. However, the contrasts amongst men and women on this leadership conduct only approach importance (Eisenbeiß & Boerner, 2013). It could therefore be concluded that there might be a distinction amongst men and women in that constrained frame in which men concentrate more on the fundamental significance and estimation of things in their correspondences when going about as leaders. This phenomenon may be assumed as Germany culture on leadership style.

In Uganda, transformative leadership in universities is based on the fact that changes taking place in public universities in Uganda have led to new challenges that call for improved exchange of knowledge and information among university staff to engage in organizational learning (Mukwenda, 2011). However, organizational learning taking place in public universities in Uganda was generally low and leans more on professional development activities rather than on establishing trusting and collaborative environment, sharing and monitoring university mission, and then taking leaderships and risks respectively. Perceived idealized influence, intellectual stimulation, inspirational motivation, and individual consideration behaviors of transformational leadership outcomes were individually positively related to the perceived organizational learning taking place in public universities in Uganda (Kets de Vries, Sexton & Ellen, 2016).

In Zimbabwe, the concept of transformational leadership has not taken roots fully. It is still at the initial stages of enhancing leadership in most of its institutions (Hadebe, 2013). For instance, the extent to which transformation leadership had been established in public school was still small. The heads of schools could utilize transformational leadership to take competitive advantage and uniqueness of schools, yet the issue of how approach could be effectively plaited into heads’ designs stayed debatable. Essentially business organization leaders usually comprehended their role in school production process.
In Nigeria, the undeniable issue that blocked development in numerous establishments and especially government was not that of acquiring leadership but rather the transformational of that which can have noteworthy effect in the social economic lives of partner (Amanchukwu, Stanley & Ololube, 2015). This country had been led and administered by men in their different limits but they are far from substantive development and advancement. Some of the challenges that affected women included the early instructive framework, industry government policy, untrustworthy policy and absence of social support, culture and conventional values (Munirat & Nzeli, 2012).

Most of the organizations in Kenya both in the private and public sectors have embraced the importance of transformational leadership. Most state corporations have embraced three out of the four of transformational leader dimensions hat is inspirational motivation (though weak), creative stimulation and personalized consideration (Koech & Namusonge, 2012). Both transformational leadership and employees’ engagement are instrumental to achieving positive organizational outcomes. Three of the four leader behaviors; intellectual stimulation inspirational motivation, and individualized consideration of supervisor in state corporations in Kenya are positively related and significant for both employees’ engagement and organizational performance in state corporations in Kenya (Datch, 2015).

In private companies such as Safaricom limited, transformative leadership has steered its success in the telecommunication environment. Team Leaders keep on inspiring their members to achieve their targets by being creative and innovative (Susan, 2016). Team leaders imparted mission to the colleagues, guaranteed that colleague have the required resources to play out their part, worked together with colleague to accomplish high venture group performance and perceived impacts of colleagues urging them to meet set goals, affected accomplishing of task destinations (Pongpearchan, 2016). Team leaders were compelling in counteracting pointless friction and conflict, vague limits and ineffective rivalry. Team leaders understood misconception among colleagues with a specific end goal to accomplish venture group objective, they additionally drew in the group in straightforwardly talking about social contrasts and similitude to support create correspondence norms (Tiri, Ogollah, & Mburu, 2015).

1.1.1 Microfinance Institutions in Kenya

In Kenya, Microfinance started in the early 1980s after the liberalization of the economy. The Kenyan Government felt that there was a great need to cushion small-scale enterprises and they were identified among other areas that needed donor funding to accelerate growth.
K-REP under heavy assistance of USAID was the first player. It combined credit with Technical assistance that it gave to various NGOs. From 1980s, the microfinance sector has grown tremendously. To entrench microfinance and as proof of importance, a need arose for regulation through the Central Bank of Kenya (CBK). In this respect, Microfinance Act was passed in 2006 with a view to facilitating intermediation of credit by the Microfinance institutions and therefore make available cheaper access to finance for growth of microfinance.

The Microfinance sector operates in a partially regulated environment. Ten Microfinance Banks are regulated by the Central bank and the rest of credit only microfinance institutions as unregulated and therefore left out in deposit taking. A new law is being developed that will regulate the credit only microfinance institutions as well (AMFI). Economists Intelligence (EI) (2010) assesses Kenya as having the best environment for Microfinance in all Africa (Andrianaivo & Yartey, 2010; Kpodar, Andrianaivo, Kpodar, & Andrianaivo, 2011). MIX markets (a body that coordinates microfinance reporting) records that Kenya has the second largest borrower base in the continent. AMFI Sector Report (2011) shows that the Kenya Micro Finance sector serves a population of 700,000 clients.

Kenya has a very elaborate and expansive financial market. Statistics show that Kenya has forty four (44) commercial banks, one (1) mortgage finance company, seven (7) staff offices of foreign banks, ten (10) regulated microfinance institutions, two (2) credit reference bureaus and one hundred and one (101) forex bureaus. The main laws governing the sector are the Constitution of Kenya 2010, Banking Act, Kenyan Central Bank Act, Microfinance Act 2006,the Companies Act, Building Societies Act, with Prudential Guidelines given by Central Bank (Kariuki, 2015).

As of December 2014 (last Sector report provided by AMFI Kenya), microfinance sector in Kenya was controlling a total assets of KES 315.7B. The credit only microfinance institutions presented 13%. Excluding the banks that play in this sector i.e. Equity Bank, KREP Bank (now Sidian Bank) and Jamii Bora Bank, Microfinance institutions commanded Assets worth KES 57.4B. The highest growth in Assets was seen in 2013. The sector serves 1,062,621 active clients i.e. those with loans. This is a significant population that shows the importance of the sector and warrants for this research (Association of Micro Finance Institutions, 2016).

Microfinance institutions of Kenya formed the Association of Microfinance Institutions (AMFI Kenya) .The body regulates entry and regulates microfinance to play in a level
ground. It provides a platform where peers gather, to champion the interests of the sector. It avails an opportunity for collective bargaining for the members, giving the microfinance sector a voice to influence policy decisions within the country (Association of Micro Finance Institutions, 2016). AMFI collects all the reports of the microfinance organizations and compiles reports for the sector albeit with challenges in compliance.

1.2 Statement of the Problem

Microfinance has been a great partner of development in Kenya today. The Kenya vision 2030 places financial inclusion as a key pillar in its achievement making it mandatory for the government to lay strategies of improving the financial institutions (Vision 2030). To this extent, the government has put various measures recognizing the role of microfinance including developing new regulations that anchor on the Microfinance Act 2006. However, despite the government’s efforts to regulate MFI’s, only three have been able to transform from NGO status to fully regulated deposit taking MFI banks, while 43 have remained as unregulated credit MFI’s (Gichira, 2010).

For MFI’s to acquire regulation, they require committed leadership that is willing to take risk (Aboagye & Otieku, 2010; Andrianaivo & Yartey, 2010; Ayayi & Sene, 2008). There is need for effective transformational and committed leadership on staff leadership that will be able to weather the storm and make the goals achievable. Research is therefore needed to cater for this missing gap, which relates style of transformational leadership outcome, and the drive it has on performance of staff who are key resources and drivers of the business. Additionally, it is becoming obvious that donors are no longer willing to support microfinance institutions, as was the case previously (CGAP, 2012). This requires that microfinance institutions deal with a problem of looking for sustainable funds from other lenders including venture capitalists (Biekpe & Kiweu, 2009; Hamada, 2010; Hartungi, 2007). This shift presents a need for reorganization of the microfinance institutions given that they do not have a legal structure that provides the greatest potential for financing and structured good governance. The fact that a majority were ill prepared for full commercialization presents a big challenge in the microfinance sector yet they have to fully compete with already established financial organizations even with foreign banking and a strong capital structure.

Gichira (2010) found that that there was no research on the leadership role in the low rate of transformation in MFI’s. AMFI Sector report (2014) shows that the fully regulated MFIs have been able to mobilize savings for on-lending thus reducing the cost of funds and
enhancing their growth. They command 90% of the microfinance sector portfolio. High operation cost has been reported (Nkamnebe, 2011), which has led to less sustainability index in MFI. In addition, the regulated MFI’s have been able to attract partners to enable them mobilize the funds (AMFI Sector report, 2014). The unregulated MFI’s (who are majority) have not managed to mobilize savings or attract investors. Transformational leadership would come in handy through key outcomes namely trust building, commitment, learning, and satisfaction.

Hartungi (2007) notes that Microfinance institutions have to attain some performance conditions that are designed to woe investors. With external conditionality’s in place, there is a great likelihood of the organizations to drift from their original mission of alleviating poverty. The focus of the leader is key. Research has proved that high delinquency rates remain a key challenge in microfinance institutions (Ayayi & Sene, 2008, 2010; Ayayi, 2011, 2012). They attribute this to the extent to which the managers and leaders within microfinance including the board of directors go into the loan approval.

While research has been done on operational matters of microfinance, gender involvement, poverty reduction and investments, little attention has been given on transformation leadership outcomes and its impacts on driving microfinance performance (Hamada, 2010; Katwalo & Muhanji, 2014; Waweru et al., 2012). Microfinance has transformed from being a social process and has fully integrated into the banking sector (Hamada, 2010). This requires a consideration of what they do and how they fulfill their mandate (Katwalo & Muhanji, 2014; Waweru et al., 2012). The Kenyan market is a very sensitive market with seriousness accorded to compliance that has traditionally not been an issue for microfinance there before (Waweru et al., 2012).

Gichira (2010) argues that founders have had a great hold on the institutions that nobody has gone to the level of looking at how these leaders have held these institutions hostage. According to Ayayi and Sene (2008), it will take total transformation in leader’s minds to change the way business is done and to bring sanity. Research is needed on how leaders influence their followers and build them to high level of performance that allows them to make decisions. Gichira, (2010) cites staff retention and growth as a big challenge in Kenyan microfinance today. The argument is based on the fact that microfinance employs very young graduates who do not have a passion for the poverty eradication mission. A majority of the young people employed in Microfinance are there due to desperation for jobs and the aim to get into mainstream banking. Gichira (2010) found staff turnover rate at
a high of between 25% and 30%. In this regard, the turnover of staff in microfinance creates a low opportunity for learning and innovativeness.

Hartumgi (2007) noted that a critical success factor in microfinance is retention of well-trained and dedicated microfinance staff. He argues that the microfinance staff need to have unquestionable loyalty and have to fully commit to an organization. He argues that microfinance thrives on the agility of internal supervision. High turnover rates in microfinance in Kenya deny microfinance institutions an opportunity to grow dedicated staff who would fill those positions of supervision and who would dedicate and support the organizations at all times. Staff who grow from within the organization are able to transfer knowledge and act as a motivation to the incoming generation that will look at the organization with a hope of growth. What role does leadership play in retention of staff? Studies are lacking in microfinance as to how leadership has created this discontent (Otieno, 2015). Research needs to move from elevation of the problem to provision of a solution to this problem.

As Augustine (2012) notes microfinance globally and in Kenya too has recently been saddled by negative reports in their efforts to collect from the poor. The commitment to poverty alleviation has been heavily questioned and presents a challenge even in their regulation (Samad, 2014; Abdullah, 2014; Radermacher & Brinkmann, 2016). Navigating through these negative reports require leadership that not only builds trust in the staff they lead but also with the clientele they serve (Augustine, 2012). Microfinance has been described as a jungle of financial innovations yet little research has been done in this sector. It is evident that several studies have been conducted on transformational leadership styles. However, the context always differed significantly. Studies done in Kenya mostly focused on the influence of transformational leadership style on employee performance or employee satisfaction (Ndisya, 2016; Mukulu, 2015 & Hasmin, Ramli, Jufri & Makkulau, 2015). Microfinance institutions work in a very dynamic and competitive environment that requires prudent leadership. The context of these studies, (Gichira, 2010; Verma et al., 2013; Robins, 2010) did not focus on microfinance institutions. This presents a conceptual gap that the study will fill.

The most recent sector report shows stagnation in growth. The Microfinance Bank which are only 10 control 90% of the sector at forty three billion Kenya shillings. The sector shows serious stagnation with no growth in loan book between the year 2017 and 2018 (Mfi Sector Report, 2018). On the adverse, Portfolio at Risk has grown to 13 % (Sector
Report, 2018). This further exposes the great need to understand leadership role in increasing performance with the sector.

The conceptual and contextual gaps presented form the basis of undertaking this study. Therefore, this study will be conducted to bridge the gap on the influence of transformational leadership outcomes on performance of staff in Microfinance Institutions in Kenya.

1.3 General Objective

Study examined influence that transformational leadership outcomes had on performance of staff in Microfinance Institutions in Kenya and how it contributed towards MFI performance.

1.4 Specific Objectives

This study was guided by following specific objectives:

1.4.1 To examine influence of commitment as a result of transformational leadership outcomes on staff performance of Kenya microfinance institutions’

1.4.2 To establish the influence that trust as an outcome of transformational leadership outcomes has on performance of staff in the microfinance institutions in Kenya.

1.4.3 To determine the influence of learning as an outcome of transformational leadership on performance of staff of Kenyan microfinance institutions.

1.4.4 To assess the influence that staff satisfaction as an outcome of transformational leadership has on performance of microfinance institutions’ staff in Kenya.

1.4.5 To establish the moderating effect of new entrance on the relationship between transformational leadership outcomes and performance of staff in Microfinance Institutions in Kenya

1.5 Research Hypotheses

The following hypotheses were tested during the research process.

1.5.1

\[ Ho_1 \] Staff commitment as an outcome of transformation leadership does not influence their performance in Microfinance institutions in Kenya.
1.5.2

\( H_0^2 \) Trust in leaders by staff does not influence performance in Microfinance Institutions in Kenya.

1.5.3

\( H_0^3 \) Learning as an outcome of transformation leadership does not influence the performance of staff in Microfinance Institutions in Kenya.

1.5.4

\( H_0^4 \) Staff satisfaction does not influence their performance in microfinance institutions in Kenya.

1.5.5

\( H_0^5 \) New entrance does not moderate the relationship between transformational leadership outcomes and performance of staff in Microfinance Institutions in Kenya.

1.6 Justification of the Study

1.6.1. Contribution to Institutional Management and Growth

With the high level of importance attached to microfinance, in practice, this study will present managers and leaders of the sector with a base within which to evaluate their leadership skills. The study will bring out key elements that managers can learn from and make themselves available to the people they lead. It will give away to self-evaluate and bring accountability in the sector from the highest levels. The study will therefore support leaders create great organizations that are safe and sound for all stakeholders and contribute towards building healthy institutions that will bring the desired outcome.

1.6.2 Government Policy Making and Regulations

After the passing of Microfinance Act 2006, there was excitement within the Kenyan Microfinance Sector that finally, they had been recognized by central bank but only 10 institutions are today regulated and only three having transformed from NGOs to regulated institutions. A new Bill and has been proposed to regulate the others under the National Treasury (NDTM Bill, 2016). There is need therefore to build institutions that can take care of these excluded members.

Study will be beneficial to the government as the regulator of the financial market in Kenya. They will be able to appreciate the levels within which the sector is and as they make evaluations on who can lead Microfinance Institutions. According to the existing laws, they
will find this research very useful. The study findings will aid in policy formulation, regulation and improvement of operations in microfinance institutions and other financial institutions.

1.6.3 Contribution to Research

The study sought to add knowledge into existing theory. This will be achieved by researching in a microfinance sector that is far too important. This will bring out areas of research that can contribute to new knowledge. It will also appraise the gaps left by others especially in transformational leadership theory and its application in microfinance sector in Kenya.

1.7 Scope & Limitations of the Study

According to Simon & Goes (2013), research scope represents parameters under which the study will be rotating. It details what the research will be about and delimits what the research will not cover. The study was conducted in microfinance institutions in Kenya. This study only targeted the staff of microfinance institutions that were Firm of Microfinance Institutions (AMFI) members. Institutions that were not members of this firm did not have the structures needed to gauge performance since they reported to themselves thus were excluded in the study. This research concentrated on four outcomes which were trust, commitment, staff engagement and learning. These outcomes were evaluated on basis of their influence on the staff performance in microfinance institutions.

Key limitation encountered during the study included failure by respondents to give data. Staff in the microfinance sector prioritizes loan collections above other activities. This challenge was overcome by having constant follow up and personal deliveries where the researcher made appointments with concerned staff in order to get the questionnaires filled. Another limitation that is acknowledged by transformational leadership researchers was that it would be better to study transformational leadership over a period of time (Cheung & Wong, 2011; Erkutlu, 2008; Loon et al., 2012). This was dealt by the use of a cross sectional study that did not trail the transformational leadership over a period of time as well as its outcomes. The study assessed the perceptions that followers had on their leaders at a particular time.
1.8 Definition of Terms

1.8.1 Microfinance Institutions

Microfinance Institutions are the institutions that offer financial services on a small scale mainly they give loans and mobilize deposits. Microfinance is defined as offer of loans and savings services mainly to the poor for alleviation of poverty (CGAP 2012).

1.8.2 Transformational Leadership Outcomes

Results of transformational leadership are resultants of transformational leadership. Under this context when transformational leadership is applied in a period of time, there is what it results to within an organization. In this study, outcomes are subsequent to application of transformational knowledge. The four outcomes in this study, i.e. trust, commitment, staff engagement and learning will be taken as results of transformational leadership.

1.8.2 Trust

Trust throughout this study represents the willingness of an individual to be vulnerable to another individual based on confidence the other party is reliable, benevolent, honest, competent, and open definition borrowed from Meyer (1995). Though old, this definition has been used across most literature. It is also individual ability to be a faithful confidant to another person.

1.8.3 Organizational Learning

Organizational learning represents organizational and managerial characteristics that encourage and propagate knowledge and skills acquisition and utilization in an organization(Camps & Rodríguez, 2011). It facilitates and defines how knowledge is acquired, created and transferred.

1.8.4 Commitment

Organizational commitment as used in this study means a psychological bond between the organizational members and the organization. Mowday et al., (1985) characterized organizational commitment as belief that an employee has in a firm’s goals values and goals and a willingness to remain in a firm.

1.8.5 Job Satisfaction

The definition of Job satisfaction by Mayfield and Mayfield (2010) as feelings collection that a person holds towards his or her job. It shows how an employee is receptive to working and how the work fulfills their desires in the organization.
1.8.6 New Entrants

New entrants describe market participants that have recently entered a market or industry sector. According to Porter’s (1980), new entrants are one of the forces that shape the competitive structure of an industry. Thus, Porters new entrants’ definition revolutionized the way people look at competition in an industry.

1.9 Chapter Summary

This section outlined topic, giving study background. It has introduced key aspects of this research, identified the key gaps that presented the research problem. The scope, boundaries and its justification of this study was presented. It briefed the limitations that were encountered while conducting the research. The importance of the study was outlined which gave the benefits that accrued to this research. The chapter clearly defined the terms as used in the research. Chapter one thus opened the discussion of chapter two that gave the theoretical and conceptual frameworks that guided the study. Chapter that follows, a review of available literature was critically examined to support uncover the gaps as brought out in the statement of the problem.
2.0 LITERATURE REVIEW

2.1 Introduction

This section introduces and discusses at length theories that guided this study. It looks at the literature from various authors on the subject matter. The chapter discusses the conceptual framework and shows how the various variables influence the other. The study also identified knowledge gaps including the various theories that inform the study. The conceptual framework was explained using concepts that captured the key variables and links on their relationships with emphasis on staff commitment, trust, staff learning and staff satisfaction.

2.2 Theoretical and Conceptual Framework

Theories according to Creswell, (2004) represent scientific predictions or analysis of what a researcher expects to find. They give way to hypothesis that will be tested. Theories are used both in qualitative and quantitative research and in consequent as well as mixed methods. Theory informs the research questions and gives concepts that a research embarks to test (Saunders et al., 2012). Theory provides a researcher with ideas and provides practicability. Differentiating deductive and inductive approach in theory formation, a deductive approach starts with a very clear theoretical position while an inductive approach researches a certain theory and is data driven. An inductive approach allows meaning to emerge through the relationships and patterns that are emergent.

Leadership is described in many ways. As a characteristic, it is an ability to show direction. As a behavior, it represents what is required to get work done and as adjective, it is used to modify the type of performance that a leader exhibit (String, 2005). Others as quoted by String (French & Raven) have defined it as the application of power and Vendee (1993) has described it as a process that could be motivating, influencing, coaching or mentoring. Others have looked at the output input model and the cause and effect perspectives to describe leadership. Leadership is about a dyadic relationship and is in wholesome a psychological process. Leadership research is conducted from a leader-follower performance causality (Yahaya & Ebrahim, 2016).
Various leadership theories exist which include transformational theory. This research is built on the basis that transformational leaders build people who are committed to the organization, satisfied and who have trust both in the future of the organization and their leaders. Bass (1985) argues that transformational leaders make followers forget their personal wellbeing for the sake of the group bringing about performance thus their identifying with the organization and this stimulates learning.

2.2.1 Transformational Leadership Theory

![Diagram of theoretical framework]

**Figure 2.1 Theoretical framework**

Source: Bass (2008)

Organizations emphasize on the idea of leadership in training managers to move a group or the association forward. Inside initiative, the adequacy of the transformational versus value-based pioneer is transactional leader is often debated. Transactional leadership relies on a "give and take" understanding, whereby subordinates have a feeling of obligation to the leader in return for some reward. Transformational leadership, then again, includes a committed connection between the leader and his followers. Bass (1985) distinguished and expounded on four essential components that underlie transformational leadership.

Transformational leadership theory is built on the four Is. These represent the roles that leaders play that bring out expected outcomes such as organizational commitment, transformational leadership environment and satisfaction. These lead to improved
institutional performance and love for the Organization. Taping on this theory, in microfinance organizations, a transformational environment will lead to a satisfied staffing with great desire to grow and committed to the mission of the organization. This would lead to less turnover and consequently improved performance.

As per theory, the 4Is of transformational leadership bring about trust, commitment, sense of belonging that facilitate learning and satisfaction. The independent variables are Trust, Learning and satisfaction while Turnover of staff, Clients growth and profitability are the key parameters to measure the performance of Microfinance staff. This study is anchored on theory of transformational leadership as fronted by Bass (1985). Developed in the 20th Century, transformational leadership theory was first laid as an analysis of political leadership. Before then, a lot of attention was on a study of great leaders and who they were.

Burns (1978) proposed leadership types that occur when person involves with another in way that uplifts them to level of higher motivation and morality. The basement of transformational leadership is that it must raise followers from low level of needs to a higher level of need. This is in line with Maslow (1954) theory of hierarchy of needs. In expansion of this theory, Bass (1985) defines leader as someone who incite others to actualize more than what was originally contrived. This is achieved through getting awareness to levels which bring clear the outcomes, their importance and the means through which they can be achieved. In this respect, followers are tuned to improve beyond self-preservation for the common good of team and firm Burns (1978).

Rao (2014) defines transformational leadership as a process where people are developed to develop and create organizations that accomplish extra ordinary results. Transformational leadership distinguishes itself in that the leader plays a role of rallying others behind their mission and objectives to accomplish in an extra ordinary way (Zhu & Akhtar, 2014). Drawing from above, leaders who are transformative are those generating higher order needs of the employees making them better. They build relationships that are guided by mutual trust and push for a well-articulated vision that members unite along. Transformational leaders motivate followers to deliver beyond their expectation and to be committed to the objectives of an organization. The style used by transformational leaders rubs through followers influencing their behavior by creating a psychological contract (Rao, 2014). A contract guides performance (Amaya, 2014).
2.2.1.1 Intellectual Stimulation
Transformational leaders not simply test the same old thing; they furthermore enable creative ability among disciples. The leader urges supporters to research better methodologies for completing things and new opportunities to acquire and learn. Transformational leadership values creativity and self-governance among the leader's followers. The leader bolsters his followers by including them in the basic leadership process and invigorating efforts to be as creative and innovative as possible to identify solutions. To this end, the transformational leader challenges suppositions and requests thoughts from devotees without scrutinizing. She helps change the way adherents consider and outline issues and hindrances. The vision the leader passes on enables followers to see the big picture and succeed in their efforts.

2.2.1.2 Individualized Consideration
Transformational leadership in like manner incorporates putting forth support and encouragement to solitary disciples. In order to empower strong firms, transformational leaders keep lines of correspondence open so disciples do not delay to share contemplations along these lines that leaders can offer direct affirmation of the exceptional duties of each supporter. Every group has particular needs and wants. For instance, cash while others spurs some by change and excitement. The individualized consideration component of transformational leadership perceives these necessities. The leader must have the capacity to perceive or decide — through listening in or perception — what motivates every person. Through one-on-one instructing and coaching, the transformational leader gives chances to customized training sessions for each member. These exercises allow members to grow and become fulfilled in their positions.

2.2.1.3 Inspirational Motivation
Transformational leaders have a sensible vision that they can express to supporters. These leaders are moreover prepared to empower disciples to experience a comparable vitality and motivation to fulfill these targets. Inspirational motivation alludes to the leader's capacity to rouse certainty, inspiration and a feeling of reason in his adherents. The transformational leader must articulate a clear vision for the future, convey desires of the groups and show a pledge to the objectives that have been laid out. This aspect of transformational leadership requires wonderful relational abilities as the leader must pass on his messages with exactness, control and a feeling of authority. Other vital practices of the leader incorporate his continued optimism, enthusiasm and ability to point out the positive.
2.2.1.4 Idealized Influence

Transformational leaders go about as good examples and show a charismatic identity that affects others to need to be like the leader. Idealized influence can be most communicated through a transformational leader readiness to follow a core set of values and take a center arrangement of qualities, feelings and moral standards in the moves he makes. It is through this idea of admired impact that the pioneer builds trust with his adherents and the followers, thusly, create trust in their leader.

Transformational leadership theory has been used as a part of firm taking a gander at the trades between the leader and the devotee (Bass, 1985; Bass, Waldman, Avolio, & Bebb, 1987; Tichy & Devanna, 1986). As indicated by Gervani (2012) transformational leaders fill in as a way to make and maintain a setting of building human capacity that they are out to develop values and unifying purposes through identification and development of key values and a reason that unite people together thus liberating potential and increased ability thus bringing about mutual consensus and interconnectedness.

Meta-analysis according to Lowe et al., (1996) indicate there is very strong relationship between transformational leadership and positive work relations which are outcome related and that have a very key bias towards performance and satisfaction at work. Kark et al., (2003), as well have related transformational leadership to the enablement of the followers in a study. Transformational leadership with the principles of inspirational motivation, idealized influence, and individualized consideration, intellectual stimulation presents great addition to theory. From articulation of Burns (1978), Transformational leadership comes from the assessment of leaders’ past performance rather than follower’s attribution. They tend to transform weak or declining institutions through affecting them on the followers to see the compelling vision, change status quo and see the organization for what it can be rather than for what it is. The transformational leader fill in as a positive case for disciples. Since supporters trust and respect the leader, they mimic this individual and camouflage his or her models.

Several studies have outlined importance of transformational leadership and linked it to firms such as business, sporting, academics as well as other fields. Linkages have been shown in many relational engagements (Millisa et al., 2014 & Nayle, 2006). Persons in leadership endeavor to broaden and elevate the interest of the group. This means that a lot of awareness is created around the mission of existence of group and therefore staff ceases to
look at their own self-preservation and focus more on what the interests of the groups are and chase them. The motivation becomes accomplishment of group goals, hence making people forget their interests and focus on group becomes easier.

The leaders come in to a complete process that requires them to build commitment to the organization. This is realizable if the followers are empowered to realize the goals that are set. Commitment is generated through influence by letting people use their own intuitions. The role of the leader is to make people realize their potentials and utilize them for the gain of organization (Yukl, 1998).

Transformational leadership is an exchange program where the employer and the employees exchange in a mutually gainful exchange. It has been adduced (Millisa et al., 2011) that employees solely rely on the transformational leader to offer clear direction on how a task will be handled and thus increasing creativity. Employees are likely to learn more from the valuable experience provided by the leader that led them to learn more on application of support and creativity of their own minds towards goal accomplishment.

The theory informs the study on transformational leadership as a discipline that can enhance performance in an organization through trust, commitment, learning and satisfaction. As per theory, the 4Is of transformational leadership bring about trust, commitment, sense of belonging that facilitate learning and satisfaction. The independent variables are Trust, Learning and satisfaction while Turnover of staff, Clients growth and profitability are the key parameters to measure the performance of Microfinance staff. Transformational leaders motivate followers to deliver beyond their expectation and to be committed to the objectives of an organization. The style used by transformational leaders rubs through followers influencing their behavior by creating a psychological contract

2.2.2 Social Learning Theory of Leadership

Theory of Social learning states people can learn through observation or experience that can be direct or indirect. The assumption is that behavior is a function of consequences and the perception people have on the consequences. Most of the behaviors people learn either with intent or inadvertently through the effects of models. An illustration is much better than a consequence of unguided actions (Bandura, 1997).

It is through observation that one structures a thought of how new practices are performed, and on later events this data fills in as a guide for work (Bandura, 1997). The social learning hypothesis comprises of motivation, emotion, cognition and social re-enforcers. Harrison
(2011), contended that social learning hypothesis binds to transformational leadership practices as inspiration (idealized impact), perception (individualized thought, tutoring and training), and modeling (persuasive inspiration and modeling fitting practices).

The theory informs the study on transformational leadership as a discipline that can enhance performance in an organization through learning. The epithets of motivation, inspiration and influence can be drawn from social learning theory. The observation supports an organization to embrace transformation leadership that guarantees successful learning.

2.2.3 Goal Setting Theory

Goal setting theory stipulates that performance in organizations is enhanced when goals are set (Whittington, 2002). The goal serves to guide and to direct both leaders and employees in organizations towards the achievement of certain agreed performance targets. Organizational goals also provide performance standards and are what is measured to establish achievement of objectives. Leaders in organizations should not only set goals, but the said goals should be specific and challenging if they are to provide meaning and stimulation to employees.

Locke and Latham (2006) observed that organizational leaders to motivate employees towards performance in both their individual tasks and hence organizational performance could use goals that are more challenging. Specific goals should be set at individual, team and organization at large. Using the goal setting theories leaders can enhance their followers’ engagement and performance by setting clear, challenging and meaningful goals. Such goals will not only stimulate the subordinates’ thinking but will also provide opportunities for creativity and learning (Woodcock, 2012). Goal setting theory therefore informs the study on transformational leadership and its effects on the staff performance of an organization. Goals set by an organization are important if managers are to attain a particular standard for their employees and organizations. This will make the employees and management be committed to their work in order to deliver and thus performance is achieved.

Using the goal setting theories leaders can enhance their followers’ engagement and performance by setting clear, challenging and meaningful goals. These goals will give a sense of commitment regarding work is a factor of work encounters, recognitions about organization and the personal characteristics which make someone have positive feelings about the organization and develop a liking and a bond to it.
2.2.4 Resource Based View Theory

Study draws from Resource Based View hypothesis of firm. The resource-based view stipulates that in key leadership the crucial sources and drivers to firms' upper hand and predominant performance be primarily connected with the characteristics of their resources and abilities, which are valuable and expensive to-copy (Barney, 1991). Pearce and Robinson (2000) take note of that RBV rose as an approach to make the center competency more engaged and quantifiable making a more important internal study of the firm.

Prahalad and Pearce (1990) attributed success of businesses to the quality of the management in that organization. The resource based view theory of firm elevates key elements of competencies. It recognizes human resources such as skill, know-how, strong teams, good management among others as key resources (Jugdev & Mathur, 2013). The technical abilities of the management, the culture of learning create a wealth of intangible Assets that are difficult to copy. Resource based view connects with the knowledge economy where the key resources and knowledge yields innovation (Mart, 2011). This study holds that transformational leaders build staff that is willing to go beyond the call of commitment to achieve the mission that the organization has set.

In this study, transformational leadership outcomes were taken as a key resource that a company has. The development and retention of well-exposed and equipped staff that are committed to the organization is a resource that is hard to copy. Resource based view of organization provides a unique analysis point of firm. It brings new dimension of carrying things and highly acknowledges importance of leadership outcomes as the center of making decisions (Zubac, Hubbard, & Johnson, 2010). Just like Barney (1991), this study recognizes that to create upper hand, a firm resources must have four traits: (an) it must be important, as in it exploits opportunities and additionally neutralizes risks in an firm's domain; (b) it must be uncommon among a company's present and potential rivalry; (c) it must be incompletely imitable; and (d) there can't be deliberately equal substitutes for this resource. The asset-based view therefore takes a look at the resources accessible at organization level and how the firm can exploit them to acquire competitive advantage. Porter (1980) argues that sustainable competitive advantage cannot be achieved through operational effectiveness alone. This study contends that learning and commitment provides microfinance institutions with key resources that enhance the performance. The new learning becomes key resource that replaces the original factors of production.
The resource-based view has its limitations and microfinance institutions must be open to the fact that though a company might have resources these resources can be imitated and copied by other organizations leading to a disastrous loss of competitive advantage. Human resources strengths are innate and sometimes cannot be seen. It could be from firm, team play, might not be observed, and could only be noted in their absence e.g. the departure of a unifying or group motivator. The failure to notice this person may lead to a conclusion that a powerful human resource asset exits but the departure leads the company to realize that they did not have the resource in the first place. In HR it is not exactly possible to tell what makes one better than others.

2.2.5 Conceptual Framework

Kombo and Tromp (2009) stated that an idea is a theoretical or general idea translated or obtained from specific events. The independent variables for the current study included: commitment, trust, learning and staff satisfaction while the dependent variable is staff performance in microfinance institutions. Indicators that were measured during the study we outlined in the framework and in the operationalization concept of the study.
Figure 2.2: Conceptual Framework

Source: Author 2016
<table>
<thead>
<tr>
<th>Variable</th>
<th>Type</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Authorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>Independent variable</td>
<td>• Timely completion of task</td>
<td>• Timely completion of task</td>
<td>Mohamed (2012)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pride in being a follower</td>
<td>• Pride in being a follower</td>
<td>Dermibag (2012)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Identification with the company/ownership</td>
<td>• Identification with the company/ownership</td>
<td>Simon and Chan (2014)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Shared social identity</td>
<td>• Shared social identity</td>
<td>Yukl (2012)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Age of service, cohesion, well being</td>
<td>• Age of service, cohesion, well being</td>
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<td></td>
<td></td>
<td></td>
<td>• Being</td>
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<td></td>
<td></td>
<td></td>
<td>• Turnover of staff</td>
<td></td>
</tr>
<tr>
<td>Learning</td>
<td>Independent variable</td>
<td>• Leaders demonstrate continuous development</td>
<td>• Changes in delivery modes</td>
<td>Bucic (2010)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• New processes, routines, structures</td>
<td>• New processes, routines and structures</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Feedback, organizational actions</td>
<td>• Feedback from leaders</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Team spirit</td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>Independent</td>
<td>• Transparent leaders (communication)</td>
<td>• Transparent leaders</td>
<td>Mayer and Davis 2007</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Dependability of leaders</td>
<td>• Dependability of leaders</td>
<td>Christie Barling &amp; Turner (2011)</td>
</tr>
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2.2.6 Performance in Microfinance Institutions

Microfinance institutions are institutions that offer financial services (Credit and Savings) at micro level and these are directed to the poor and financially excluded to generate income (Galema & Mersland, 2012). They perform microfinance activities which most of the time include lending at small scale, mobilizing deposits and offering financial literacy to the poor (Dalton & Wilson, 2012). Like any organization involved in lending, microfinance sustainability depends on the collection of the loans that are disbursed (Ayayi & Sene, 2010). This forms the greatest measure of performance in microfinance.

Collection of loans is measured through portfolio quality. Over time, the measure of portfolio quality has changed from loans in arrears, repayment rate and with prudential guidelines to Portfolio at Risk (PAR). This measures the health of the portfolio and determines profitability since it determines the provisions for bad debts as well as write-off for non-performing loans. It is measured on daily basis though institutions have different reporting time lines (Nair, 2014).

In Kenya, for microfinance institutions that are regulated these guidelines are issued by the Central Bank of Kenya (Waweru et al., 2012). The non-regulated ones have also adopted the same guideline. CGAP has developed criteria that determine microfinance institution performance (Kpodar et al., 2011; CGAP, 2009). Key among these; outreach, this measures the number of clients that microfinance institution is serving. The other measure is the number and amounts of loans disbursed. According to Ayayi and Sene (2011), this is key to the microfinance institutions because theirs is to serve the poor. It interests anyone to know the number of people an organization touches and this gives the impact.

Microfinance institutions sustainability depends on ability of these institutions getting funds for on lending purposes. This means they have to look for cheaper sources of funds and thus the number of partners that an organization has in its operations determine success (Waweru et al., 2011). The rate at which an organization retains both its clients and staff is also a great measure of its sustainability and performance. Organizations that loose staff at a high rate risk losing the money that has been lent out and this threatens the sustainability of the organization (Abdul & Dean, 2013). As Abdul et al., (2013) argue commitment of staff is also a measure of performance and this is looked at through the length of service of the staff. Interesting to the donor in determination of performance is stability at governance level (Bakker et al., 2014).
2.2.7 Commitment and Performance

2.2.7.1 Meaning of Organizational Commitment

Organization commitment is depicted as a mental bond amongst organization individuals and organization. Mowday et al., (1985) characterized organization commitment as the belief that an employee has in a firm's objectives and values and a want to stay in a firm. Organization commitment yields competitive advantage and improved satisfaction within employees. According to them, affective commitment relates to emotional relationship that an employee has with the organization, the identification and the level of involvement. Continuance component represents a kind of commitment that is dependent on the costs that an employee’s relates with the eventual leaving of an organization.

On the other hand, normative aspect identifies with the obligation that an employee has or feels to remain kept in the organization. Affective commitment is built on an overflowing love which is based on the staff’s recognition concerning the degree to which the firm values their commitments and thinks about their prosperity (Florence et al., 2015). Organization commitment relates to the sets of solid uplifting mentalities towards the organization showed by commitment to objectives and a mutual feeling of significant worth (Durmy & Garland, 2012). Sense of commitment regarding work is a factor of work encounters, recognitions about organization and the personal characteristics which make someone have positive feelings about the organization and develop a liking and a bond to it.

It is always important to understand what causes people to like and bond with their organization as Rosenholz, (1985) and Marks and Louis, (1997) found out, people commit themselves when there is internal motivation and commitment. When this lack, they feel dissatisfied and disengage with the organization leading to poor performance (work failure) and poor working experiences and thus high turnover. It is also evident that lack of commitment to an organization is a key hindrance to organizational change and reforms.

Competitive advantage is resultant of highly motivated and committed employees (Joo, et al., 2012). Predictors of organizational commitment have been a major concern for researcher (B.-K.Joo et al., 2012; Loon et al., 2011, 2012; Patiar & Wang, 2016). Studies have associated commitment with personal characteristics, the experiences at work, the characteristics of the jobs at hand, the role of members in groups and most of all the kind of relationships that employees have with their leader (Allen& John, 1990). The source of commitment has not been heavily studied. Many studies gave that leadership has been considered as a standout amongst the most vital components impacting staff states of mind.
and practices. Specifically, transformational leaders manufacture a key vision, convey that vision through encircling and utilization of similitude, and make commitment toward the vision (Avolio, 1994).

It is important to analyse relationship between an organization and a staff as a trade relationship whereby the employees gives his labour for economic value while on the other hand the organization turns the labour into production which is value addition (Mohamed et al., 2012). The employees are nurtured by the organization through creation of relationships and tuning that coats the organization’s money and resources. In this regard, for organizations to leap from the investments, they need to build commitment so that employees stay in the organization is longer.

2.2.7.2 Transformational Leadership and Organization Citizen Behavior

Having discussed above the meaning and sources of organizational commitment, it is important to look at organizational commitment and its interaction with transformational leadership. As discussed by various authors (Verma et al., 2013, Bass & Avolio, 1974; Bass & Avolio, 1994; Verma et al., 2013), transformational leaders play a great role in influencing the beliefs and faith that employees have in an organization. As Podsakoff et al., (1990) state, transformational leadership is a high order hypothesis that is made of various units. Podsakoff et al.,(1990) list some key behaviors of transformational leaders that include, articulation of vision, modeling for the staff, promotion of belongingness and validation of goals with a group, building high need for performance, providing individuals within a group with the ever needed support at their personal/individual level and stimulation of intellectual ability within the employees.

Bycio (1995) suggested that the component of affective commitment creates a stronger relationship through the inspiration principles of transformational leadership in essence this enhances affection as opposed to continuance or emotional aspects of commitment. Staff of an organization get to a level where they implement the strategies of a company that promote openness, cooperation, trust and collaboration which is centered on mutual trust, empowerment, performance and common good among employees(Wang et al., 2005). This in turn improves the behavior within the organization and brings about what is called organizational citizenry. Organizational citizenry is strengthened by the ability of the employees to focus on the attainment of goals of the organization.

As per Muchinsky (2007), employees contribute to the wellbeing of their company when the labor efforts exceed the duties assigned to their positions. An employee’s becomes a citizen
when they display an urge to perform beyond expectation and find ways to sort out institutional problems and make some additional contribution (Ernesto et al., 2015). Wasti (2003) argue affective commitment is that it pulls others, is valued and is manifested by an emotional link that promotes the most valued behavior. The employees become a citizen and provide and uphold an emotional link that promotes the organization citizenship. Various aspects are mentioned as resultant of OCB. These are job satisfaction, emotional attachment commitment within the firm as Caldwell et al., (1990) found out, employees motivation. Staffs are motivated through what comes from the leaders.

Leadership carries a very high burden in ensuring that employees do trust the organization and are willing to offer themselves for the growth of their employees. According to Ivancevich et al., (2006), the key to organizational success lies in its human resources. Human resources need to work hard, think creatively and perform within a framework of excellence. It also requires rewarding and encouraging human resources timely and significantly. Ivancevich (2006)suggests that it is possible to perceive clearly the beneficial, pleasing and motivating interactions resulting in a work environment with people who get along, understand each other, communicate well, show respect, and work in harmony and in cooperation versus other work environments where the opposite prevails. This is the exact role transformational leaders have to fill. They are supposed to create within staff the understanding and motivation that enables them love the institution and commit to it in all aspects.

Transformational theory as discussed by Bass and Avolio (1997) offers a model that shows quality of communication amongst leader and members of the team. Theory shows clearly that transformational leadership is a key ingredient that brings about organizational commitment. In asset-based hypothesis, the values of their firm largely influence adherents' innovativeness. Organizational atmosphere is a vital factor for imagination; employees' impression of the degree to which innovativeness is energized at the working environment, and the degree to which leadership resources are dispensed to supporting inventiveness impact improved performance.

The recognizing highlight of transformational leaders is that they are held in high respect and regarded by their devotees. Devir et al., (2002) found that transformational leadership upgraded coordinate adherents' improvement and roundabout devotees' performance. The mutual point of view of the transformational leadership glorified vision and its potential for fulfilling supporters' needs make the leader affable. The customized relationship between
transformational leader and adherents makes a domain in which the devotees would feel good to reason and contend with the pleader.

2.2.7.3 Measurement of Organizational Commitment

From definition, organizational commitment reflects the desire of an individual to offer their services and their heart to the betterment of the organization (Loo et al., 2012; Mohamed, 2012). A psychological attachment is built through the kind of relations that an individual has with the leaders of an organization. Mohamed, (2012) differentiates between transactional contract and relational contracts which keep an individual glued to an organization.

Committed employees stay longer in an organization. High staff turnover is an indicator of non-commitment (Yukl, 2012). In this study, turnover in staff will be used as a measure of commitment in an organization. In the labor and product market, one supreme thing is that an organization must promote organizational commitment (Neininger et al., 2010). Recent organizations have to retain talented employees in this fluid knowledge based economy. Transformational leadership outcomes becomes important because as Moss & Ritossa, (2007) argue TL does raise and control passions-rather that depend on rational procedure to rouse different people. With organizational commitment, motivation flows in the blood of the staff and they will endeavor to achieve whatever the leaders have encouraged them to achieve.

Transformational leadership is about articulating visions and making people supersede their goals for the sake of the organizations. Transformational leaders (Avolio & Bass, 1988) encourage employees to be and to gain a level of independence through asking the right questions and constantly challenging the status quo making them actively involved and thus fostering innovations within the organizations in a research for profit organizations. Transformational leadership is connected with very high self-evaluations that include efficacy, high self-realize and high control locus and stability in emotions that foster commitment within the organization.

Employees whose leaders are able to articulate vision is able to promote group goals have high level of commitment. It goes a long way to show why leaders should employ transformational leadership values for efficiency and to induct the individual staff members into the organization and thus build a non-breakable commitment. Managers play a very important role on enhancing organizational commitment at both group and personal level and this is achieved through creation of distinct practices that support shape the character,
thinking and the wellbeing of the individual staff this in the end develop characteristics in people that foster unity, self-efficacy and create realize.

2.2.8 Trust and Performance

Different scholars have defined trust in various ways (Holtz & Harold, 2008; International et al., 2016; Pillai et al., 2012; Schwepker, David& Good, 2014; Zhu & Akhtar, 2014). Meyer (1995) gives the definition that has been used across literature that is willingness of a person to depend on another individual. It stems from an individual confidence in the other. Trust represents the willingness of an individual to be vulnerable to another person based on confidence that the other individual is reliable, benevolent, competent, honest and open. This definition shows a pull by one part to the other that makes it easy for a follower to identify with another and want to be led by them. It is expectancy that a group or an individual holds that a person is reliable.

As quoted by Zhu and Aktar (2014) saw trust a decision calculated to interact along with one another. Calculated in the sense that a whole evaluation has been done by one party before making a decision to follow or agree to submit to another. The elements of social constraints do apply in determining the level of trust that parties will have with the other. Trust has been categorized and researched from various dimensions, and researchers have a drawn a cognitive aspect of trust that look at trust as a mediator in relationship amongst the followers and transformational leaders leading to different work outcome (Holtz & Harold, 2008; Pillai et al., 2012; Schwepker et al., 2014; Zhu & Akhtar, 2014). Different dimensions of trust constructs are seen which include affect-based and cognitive based trust (Uslu & Oklay, 2015) and they represent different process that are involved in building trust.

As per Zhu and Akhtar(2014), affect-based trusted is founded on emotional investments, it comes from the feeling that followers get genuine care from their leaders, it is concern based and is built from the actions. On the other hand, cognition based is based on attributions of the leaders behavior these would include integrity, reliability and ability. These two represent two distinct functions as argued by Colquitt et al., (2014) and Blau (1964)who argued that affect-based trust is a social exchange process that images some level of obligation to give as a payback and solidification of union between leaders and their followers. Cognitive trust on the other hand gives the borrowers some kind of expectations and builds confidence in what the leaders do and the decisions they makes as well as actions taken (Uslu & Oklay, 2015).
Trust has also been discussed as social exchange and two aspects of theoretical perspective followed where trust is seen as relational (Holtz & Harold, 2008), and a character based perspective. Though the two aspects relate, relation based aspect emphasizes more on leader nature follower relationship and it is a social construct that defines how individuals relate and do things in their dyad. Trust goes beyond economic exchange and elevates parties to running on the basis of care consideration and communal commitments. Serious norms that govern relations are established and bring about reciprocity building emotional attachments to the benefit of the leader who reaps from conformity with desired behaviors. According to Colquitt et al, this relationship is called exchange-deepening mechanism (Colquitt, Scott, & LePine, 2007).

Transformation leadership is presented through the ability of the leader to articulate a compelling vision for followers (Bass, 1985). Empirically transformational leadership outcomes has been supported as having provident positive effects on followers (Victoria, 2011; Colbert et al., 2016; Dumay, 2012; Mchale & Mchale, 2012; Zhu & Akhtar, 2014). A transformational leader facilitates the development of trust and is closely correlated with trust in the leader (Bass, 1990). A leader is trusted mainly because of his level of determination and commitment to the vision. This is seen through the sacrifice that a leader puts towards achievement of desired goals that evidences the ability of the leader to mind the “do say gap”.

The level of self-confidence that a leader shows gives the perception that he is aware of what is expected and sends a conviction to the lead that they have what it takes to achieve the goals. Through this the leader builds credibility and espouses the need for shared values that leads to admiration of the leader and a buy in to what the leader believes in(Zhu, Sosik, Riggio, & Yang, 2012). This will yield positive feelings or emotions that keep the followers energized and committed to achieving the goals they set. Research has shown that the relationship between leaders and followers are determined by some perceived work characteristics which include meaningful of work and the level of involvement(Dalton & Wilson, 2012; Gaan & Gaan, 2014; Pillai et al., 2012). Kelloway and Turner, (2016) argue trust in leadership mediates relationship amongst transformational leadership and the wellbeing of follower. In this, trust is seen as a psychological state that builds some positive expectation on what the leader is likely to do and demand from the follower. The higher order firm will be concerned with parties involved goodwill.
Argument Kelloway and Turner (2016) put in this argument is that perceptions shape beliefs and expectations within relationships. The intentions of the leaders are gauged based on perceptions that they are positive and that the leaders behavior is honest. This brings value to the organization and conveys the aspect of doing the right thing when the trust of the leader is demonstrated. Transformational leaders playing role models who consistently do and enforce the right thing develop mutually beneficial relations with those that they lead (Christie, Barling, & Turner, 2011). This earns them trust and respect from followers which improve performance (Colquitt, et al., 2012). Once trust is built, the ability to focus more on the role performance and extra performance eventually yields better performance for the organization (Schoorman, Mayer, & Davis, 2007).

Organizations are driven by the level of risk the leadership is willing to take (Bass & Avolio, 1974). Quoting Meyer (1995) (Gillespie & Mann, 2005) argue that trust results to risk taking behavior. Risk here is defined as the possibility of incurring a loss and this means that one must feel well insulated to consider engaging in a loss predisposing action. Trust results in relinquishing and at a personal level it may result in disclosing of some very personal information (Serva, Fuller, & Mayer, 2005). Trust manifests itself in risk taking behavior. Goal achievement means taking risks and sticking out the neck for the survival of organization.

Transformational leaders intellectually stimulate followers, encouraging them to learn better ways in their work performance (Bass, 1985) in the end this lead to improvement in performance of the followers. High performance and satisfaction require a lot of trust in the leader (Uslu & Oklay, 2015). Organizations are dynamic; trust is also dynamic, positions change depending on the behavior of the leader and the consideration by the follower on whether they retain consistent values. The leader must at all times endeavor to keep the followers feeling positively towards him and this positivity motivates them to perform.

Taylor, (2000) argues that the creation and facilitation of a trust based environment is fundamental to any institutional performance. The followers must believe in the leader for them to fully commit to their mission. An alternate believe that a leader is not genuinely concerned about followers welfare ,is wanting in integrity or that the leader shows levels of incompetency, leads to dissatisfaction and a de-motivation leading to less cooperation and this affects performance ultimately. Teams are individuals brought together for a common objective and to attain a common goal. Transformational leaders cause persons to forgo their own interests for sake of organizational and team interest (Cheung & Wong, 2011).
Serva et al., (2005) found risk taking as determined by trust level assembled and envisioned by members. They found that the level of trust assembled envisioned the team’s subsequent taking behaviors. Group’s trust can be defined as hard belief about how willing the coalition vulnerability to the target trustee or leader.

Serva et al., (2005) argue that teams interact and that understanding of how this interaction happens is fundamental to understanding the performance of the team. They argue therefore that the unit of analysis when it comes to organizational performance cannot be the individual level but group and dyads. The concentration consequently turns out to be the way connecting people and firms make significance and follow up on categorically created discernment, inspiration and feeling. Trust plays a critical role in the interactions that a team has (Mach, Dolan, & Tzafrir, 2010).

Avolio, Walumbwa and Weber (2009) indicate key element of transformational leadership is to alter the aspirations need and values for attainment of a team spirit through enthusiasm, high moral standards giving meaning and self-determination to the followers. Leadership effectiveness is determined by the caliber of the team that has been put in place. It thus calls for leaders to build teams that not only trust the leader but that have high trust in themselves too.

Generally, there is agreement that trust enhances firms relationships increasing that capacity of members of the group working together (Mach et al., 2010). Trust and team performance have been related in various researches and positive relationships drawn between trust and performance (Dirks, 1992; Lang, 2004). Trust is thus a fundamental part of teamwork; this is elevated by the fact that team tasks require high level of interdependence among members. The interdependency generates synergy since members co-operate and interact among themselves.

Microfinance Institutions are conglomerates of various functions. Like in all other organizations, the whole is only complete when several people have touched it. The work in Microfinance institutions is interdependent and is done by various parties that are called teams. Leadership in the Microfinance institutions will require to appeal to both individuals (Van Wart, 2012) and appeal to teams as argued by (Liu, Siu, & Shi, 2010).

2.2.9 Learning and Performance

Organizational learning represents organizational and managerial characteristics that encourage and propagate learning in an organization. (Hult & Ferrell, 1997) as quoted by
(Camps & Rodríguez, 2011) argue that organizational learning facilitates and defines how knowledge is acquired, created and transferred. Learning makes the fundamental values within an organization. Learning has become a major component of research given that it is considered through the Resource based theory an element that builds to the organization’s competency and enhances competitive advantage (Loon, et al., 2012). According to Loon et al., (2012) the importance of learning research has seen increased research and has elevated organizational learning considerably leading to recognition of learning as an underlying factor that aids in creation of knowledge and adaptation of competencies that bring change in the fluid environment within which organizations operate.

The basis of organizational learning is that leadership and innovative thinking bring about change in organization and continuous transformation within organizations (Atwood, Mora, & Kaplan, 2010). Although a lot of research has focused more on individual learning, group and team learning has been given prominence and there is consensus that individuals learn better when they have an opportunity to interact with others (Amy, 2008). Leadership plays a very critical role in bringing about the kind of environment necessary for human relations to take place; it shapes the structures and models that are necessary for any interactions to occur.

Leaders use their powers of influence to determine relations and focus groups on single mission that they may choose to realize (Amy, 2008; Atwood et al., 2010; Trautmann, Maher, & Motley, 2007). Organizational knowledge is driven by change and different circumstances demand different skills (Loon, Lim, Lee, & Tam, 2011; Loon et al., 2012; Senge, 1991) (Top, Tarcan, Tekingunduz, & Hikmet, 2013) stability times call for continuous improvements of systems and keep staff fully engaged and focusing into the future. The leader needs however to keep a tab on the turbulent world to see the changes happening within the environment and ensure that the organization transforms in structure and functionality to remain competitive.

Senge (1991) posits that organizational knowledge is created at four levels personal level, group level, organizational level and inter-organizational level. Leaders should stimulate learning at all these levels (Loon et al., 2012). The different levels require different ways of stimulation. At the personal level, this is individual level; follower should be encouraged to enhance their personal abilities this is done through acquiring of new knowledge, skills values, and norms at an individual level. The principle behind this is that organizations are made up of individuals and thus individual competencies build organizational competencies.
At the group level, the managers concentrate more on team work so that teams can learn from one another.

Group learning occurs through the influences that teams have on each other over period of time. Learning at an organizational level is maintained through the creation of culture that is developed through communication and cooperation within the organization that affects learning in the entire organization (Loone et al., 2011). The glue that binds people together becomes the culture within the organization and the shared vision that an organizations’ team has. Mangers pool group resources to take advantage of what the organization members have.

Through organizational learning, organizations have been seen to better performance through benchmarking on the distinctive core competencies (Stewart & Kleiner, 1996). The role of managers in creating organizational learning cannot be underestimated (Loone et al., 2011). It is crucial for managers to promote knowledge acquisition at an individual level and create structures that will enhance group learning that according to Loone the foundation of organizational learning is. This assertion reinforces Senge’s (1991) position that leaders are the determinants pillars of organizational learning.

Loone et al., (2011) enumerate three major roles that leaders play in entrenching learning culture within organizations. First, they are involved in the designing of the suitable dogmas, strategies and organizational constructions that create effective learning atmosphere, procedures second leaders are educators, and so they serve as coaches to the staff and guides them along the learning path. Finally, leaders are seen as stewards and vision carriers since they lead individuals and the entire organization towards the achievement of goals and ultimately its vision (Senge, 1991). Leaders have a greater calling of leading growing organizations that not only meet their goals but also build teams that can be relied upon in the future.

The role of transformational leaders is to build teams that are fully committed to the organizational goals and whose individual goals transcend the individual ones. In evaluating organizational learning and leadership, Atwood et al., (2010) argue that leadership stimulates motivation and innovative thinking which foster change. Organizational learning is the epicenter for the organization to start to apprehend and create necessary change. The leadership gives ways to critical element of knowledge management. Atwood et al., (2010) also offer that leaders who lead in knowledge are important for success of the firm and for organization to take to the next frontier.
2.2.9.1 Transformational Leadership, Identification with Group and Learning

Barnis and Harris (2004) have argued that the commitment and development has begun with a commitment to an organization. Organization leaders have a performance of shaping the direction. Barnis and Harris (2004) proposed that leaders must encourage colleagues to be involved, handpick those to participate in programs related to leadership. The concentration consequently turns out to be the way connecting people and groups make significance and follow up on categorically created discernment, inspiration and inspiring others (Christie et al., 2011).

Shamir et al., (1993) introduced a model that brought out the resounding effect of motivational/charismatic leaders on followers. Shamir et al., (1993) argue in the theory that leaders increase the self-efficacy by influencing the value of internalization and supporting the individuals to identify with the group. This sense of belongingness supports the follower identify with the core values of the group and supports the follower get a new psychological state that mediates self-organization and individual realize. This leads to a love of an organization that is inherent and irreplaceable. The hypothesis however does not give an approach to relate to the firm as Zhu, Sosik, Riggio, and Yang, (2012) contend that further research is required. They did not differentiate these impacts against those of value-based leadership, a traded based leadership style likewise connected with positive results (Bass, 1985: Sosik & Jung, 2010).

Transformational leaders impact devotees' self-definitions, influence, values, convictions, and practices. They additionally enable adherents to perceive the significance of their work and build up their insight, aptitudes and capacities to achieve their maximum capacity (Bass, 1985). Consequently, transformational leaders are probably going to be related with engaged adherents who have strong identification with their organization.

In a 1972 study as quoted by Zhu et al., (2012) has taken social identity to mean "the person's learning that he has a place with certain social groups together some passionate and realize likeness to him on his participation.” To identify with a certain group as his, one, emotional attachment, the self, is enjoined at the expense of the group. Identification with an organization is both cognitive and emotional. Ashforth and Male (1989) offer that a cognitive component reveals an interest that a person has that is shared with the organization and thus gives a confounding reason to want to believe in the organization and to become part of it.
It likewise demonstrates how much an individual recognizes themselves as a person from the organization, while the enthusiastic part mirrors a person's sentiments of pride in being an individual from an organization. The enthusiastic segment of organizational identification assumes an imperative part in making a person's certain picture of one's organization, and creates recognizable proof with the firm (Tajfel, 1972). Pratt (1998) suggested that an individual has two principle and fundamental thought processes in identification with a firm.

Microfinance impact has been looked at in terms of the attitudes of the providers (Johnson, 2004). The attitudes within which these services are delivered to the poor have an impact on the innovation that is likely and further the expansion. Studies on the expansion of Microfinance according to Johnson (2004) are limited. Quoted by Johnson, Hulme and Mosley (1996) have argued that microfinance institutions which have to serve the poor require knowledge that cannot be internalized by the organization itself. This knowledge is carried by people who work in the organizations and is seen as tacit knowledge which requires to be retained within the firm. Leadership recognizable proof radiates an impression of being specific from organizational obligation. Specifically, Organization identification concerns a man's self-wisdom on how they see individuals brought together with the firm which encourage the self being the important aspect.

2.2.10 Staff Satisfaction and Performance

Employees’ satisfaction has been defined in various ways. An integral approach was offered that emphasis on the attitude of the staff towards environment. In this definition, emphasis is laid on put on the mental attitude or aspect of the individual staff. Smith et al., (1969) and Hudson, (1991) in looking at satisfaction consider importantly the rewards that staff expects from their employer alongside what is deserved. The difference between the two yield either satisfaction or dissatisfaction in the individual. Satisfaction is also defined using the reference structure theory (Morse, 1953; Homans, 1961) putting more focus on objective characteristics that influence work that employees attribute to the commitment they have. These definitions lead to a conclusion that staff satisfaction is more of an attitude that staff have about their job.

In recent studies (Dumay & Galand, 2012; Trim & Lee, 2007; Verma et al., 2013). It is a response to conditions at work, the remuneration, the type of supervision, how promotions are done and the kind of relationships and acquaintances that are available at work level with co-staff. Relationships have been found between commitment and satisfaction (Dumay
and Garland, 2012). Dissatisfied staff are less committed to work and are usually looking for new opportunities to quit. Unavailability of new opportunities cause withdrawal and emotional detachment this causes decline in performance. Verma et al., (2013) argue that emotional withdrawal cause pain to staff and can result to sickness; members withdraw and finally are unable to offer themselves to work.

Several factors determine the level of job commitment. Loon et al., (2012) found out that transformational leadership through idealized consideration presents staff with persons to associate with. Being a factor of recognition, a staff feels appreciated and develops a sense of belonging. The supervision from transformational leaders gives staff a sense of pride. Intellectual stimulation causes the staff to develop professionally and provides security (Jain et al., 2015). Communication of vision by the leader gives the staff a call to rally behind and creates an environment of achievement. This yields both satisfaction and commitment to stay on the job. (Jain et al., 2015; Loon et al., 2012).

Microfinance institutions need to keep satisfied staff as indicated by (Ahlin et al., 2011) a majority of non-performing loans result from MFI portfolio being left by one officer or as Gichira (2010) indicates poaching for both the MFI officer with his total portfolio. Clients of Microfinance institutions are more loyal to the officers who handle them on day-to-day basis that to the institution. Any dissatisfaction from that end means that clients will be lost too.

Leadership is seen as an imperative indicator and assumes a major part. Leadership is an administrative work, which is for the most part coordinated towards individuals and social communication, and also the way toward affecting individuals with the goal that they accomplish the objectives of the firm (Skansi, 2000). Numerous analysis did in a few nations demonstrated that there is a positive relationship amongst leadership and the work commitment.

Yi-Feng et al., (2012), demonstrates that the part of a transformational Leader is to chip away at employees’ work inspiration and performance which thus raises staff work commitment. This could be accomplished through the attributes of inspiration, intellectual stimulation and individualized thought. Fulfilled staff improve and encourage efficiency since they know the highlights of their work and perceive and keep up the part they play. Transformational Leadership is related with work commitment through its values, for example, vision, desire, demonstrating, motivation, support and achievement of the firm.
objective. Researchers have indicated strong relationship between the work commitment of employees and leadership used.

Satisfied employees accomplish organization objectives, appreciate work, and feel regarded to be a piece of their organization. Inside the fundamental organization Robbins (1996), it additionally demonstrated that leadership and organization culture considerably influences staff commitment (Chang and Lee, 2010). Staff members are an essential asset in all business organization and the accomplishment for each business organization can be come to through the ceaseless learning exertion of phenomenal gifts, information creation and items with exceptionally included values, which would make the business organization gainful.

Nonetheless, brilliant staffs normally do not achieve superb performance. Empowering employees, through leadership, adaptable and open environment workplace, might accomplish occupation commitment. In such manner, work commitment supposedly affects even a portion of the factors in this study. Davis (1951) contended that work commitment could influence employees to accomplish leadership objectives, have more enthusiasm for work, and feel respected to be a piece of their firm. Commitment prompts improvement of a performance culture, which makes accomplishment of objectives valid.

Raimonda and Modesta (2014) states that organization culture may influence individual’s organizational commitment since people bring their attitude, individual realizes, and convictions to the working environment and their levels of sense of commitment regarding the firm may contrast. Values, states of mind and convictions are reflected in various national societies that influence the manner by which individuals think whether it is intentionally or subliminally and this influences how they settle on choices and at last the manner by which they see, feel and act in the firm. On the likelihood that the organization culture is not great, they will not be fulfilled in that organization.

Gill et al., (2010) observed that employees’ empowerment was an important aspect to employees and they have been found to have an inherent need for empowerment in the institution. Employees strive to have the capacity to influence and control their environment that increases their self-determination. Transformational leadership should provide for employees empowerment to enable employees make decisions on behalf of the institution. It is therefore important to find means and ways that can support improve employees’ desire for empowerment since if the employees are not motivated, it does not favor the interest of the institution.
Beutell (2010) explains that work schedules add up to time-based conflict amongst work and roles of family that in turn affects the job satisfaction of an employees and the loyalty an employee has on an organization. Work schedule flexibility, has positive employees outcomes on job and it gives the employees some satisfaction. Transformational leadership supports creativity that reduces conflict between ones roles at work and other competing interests Millissa et al., 2011). In addition, it supports individuals feel empowered and as Gill et al., (2010) argues, it affords the staff an ability to influence and control their environment, create in determination and appreciation for ones work.

From the foregoing discussion, employees satisfaction is an outcome of transformational leadership (Mayfield & Mayfield, 2010; Millissa et al., 2011) and does affect performance. This study therefore seeks to find out how job satisfaction as an outcome of transformation leadership affects performance of microfinance institutions in Kenya.

2.3 Critical Review of Literature Based on Specific Objectives

2.3.1 Commitment and Performance

2.3.1.1 Delivery

Continuance commitment is identified with commitment: staffs may feel they owe the firm for being given a vocation when they require it most. Work performance and delivery owing to organizational environment have become a major headache to many heads of organizations in general, and human resource managers in particular (Freund & Carmeli, 2003). This problem is for the most attributable to lack of stability and job security for employees, which established a standout amongst the most fundamental resources in the firm. Numerous firms have started approaches to support workers commitment regarding their work, occupation and profession to the organization, its aspirations; and to a strong organizational ethic.

Additionally, a man who is focused on a firm ought to be excited and have a strong confidence in the firm's objectives and values (Porter et al., 1974). Other than from organizational performance, there are different practices of commitment related to the behavioral and psychological prospects. Researchers agree that loyalty can be categorically ordered into three classifications: to be specific, organizational commitment (including company or union commitment); project/task commitment (including job and career commitment), and personal goal commitment. In this analysis, consideration may be paid to leadership commitment. The most ordinarily recognized conceptualization is that
organizational commitment is the relative quality of a person's relationship with and investment in a specific firm. Organizational performance is described by three factors: a strong confidence in and acknowledgment of the firm's objectives and values, an eagerness to apply impressive exertion for the benefit of the firm; and a powerful urge to keep up participation in the firm.

Irefin and Mechanic (2014) conducted a study to examine the effect of employee commitment on organizational performance with special interest in Coca Cola Nigeria Limited. Much of the interest in analyzing employee commitment stems from concern for the behavioral consequences that are hypothesized to result from it. The paper focused on the influence of employee commitment on Organizational Performance and Employees’ turnover. Both descriptive and explanatory research methodologies were adopted in this study. A five point numerically scaled Likert-Type questionnaire was constructed and administered among selected Staff of Coca Cola Nigeria Limited. The research hypotheses were tested using the Pearson Correlation Coefficient. The result shows that: the level of employee commitment of the Staff of Coca Cola Company Plc is very high; there is a high relationship between employee commitment and organizational performance; there is also a very high relationship between employee commitment and employees’ turnover.

Igella (2014) conducted study to determine the factors that influence employee commitment, basing on a case study of Kenya Civil Aviation Authority (KCAA). Descriptive research design was adopted, to build a profile of the factors that influence employee commitment in KCAA. The population of interest was the employees of KCAA across various functions and divisions since this was the company under study. The findings obtained from the study show that organizational factors have a strong influence on employee commitment. These factors include; organizational dependability, effectiveness of the organizations social processes, and the organizational climate. The findings also indicated that organizational factors such as demand for perfection, strong work ethic, organization being highly reliable, organization promoting top down social interactions, organization encouraging formation of self-managing teams, employee interaction with the organization, the organization having a strong management style. The organization promoting team work and the organization encouraging retention of its employees all strongly influenced the commitment of employees, though the scale of influence varied depending on a particular respondent.
Chung-Chieh and Chen (2013) conducted a study to analyze the relationship between employee commitment and job attitude in the tourism industry and its effect on service quality. This research study attempts to explain the various theories related to employee commitment and job attitude. Primary data for the study was obtained through questionnaires, using structured questions to explain the main objective. The study used a cross-sectional research design to meet the objectives. The data were analyzed using various statistical techniques: SPSS, ANOVA, regression, and correlation analysis. The study found that biographical characteristics of the employees have an effect on job attitude and job commitment. In order to enhance job satisfaction, employees need to be motivated in a relevant manner.

Gul (2015) conducted a study to explore the impact of employee commitment on organizational development. The population of this research study was comprised of middle level managers of all telecommunication companies of Khyber Pakhtunkhwa province of Pakistan. Primary data was collected from 370 managers. Simple random sampling method was used for the selection of respondents. Questionnaire was administered to collect Primary data. Organizational development and employee commitment were taken as dependent ad independent variables respectively. Analysis of data was carried out by applying SPSS. Correlation and regression analysis tests were carried out to establish link between employee commitment and organizational development, and to find out the predictor of organizational development. The study revealed a high degree of correlation between employee commitment and its factors and organizational development. Regression analysis confirmed that employee commitment is predictor of organizational development. This study has great value for the managers and academicians, as it will help them in designing an integrated and comprehensive system for creating commitment among the employees for improving performance of organization.

Khan (2010) examined the consequences of staff performance (Normative commitment, affective commitment and continuation performance) on the staff work yield and from an example of 153 private and public sector employees of gas and oil area in the nation of Pakistan. The results had a positive relationship between employee commitment and employees’ work performance. Therefore, work performance was as a determinant of staff commitment. Khan, (2010) advised that managers expected to upgrade forerunners of employee commitment and every other factor which improve staff commitment in order to encourage staff performance and hence increment the firms general performance.
2.3.1.2 Quality of Service

Habib, (2010) examined the relationship of occupation commitment and work service, the impact of staff performance and the state of mind towards work on performance using an overview technique for information groups from 310 employees in 15 promoting organizations in the city of Islamabad (Pakistan). They found that employees who had a higher level of staff commitment had a higher quality performance and employees who had a positive attitude towards the work were exceptionally fulfilled in contrast with employees who are less dedicated towards their work. Ali, (2010) inferred that there is certain relationship between corporate social commitment and staff performance and in addition between employee commitment and leadership performance. They in this manner inferred that firms is probably going to enhance their performance through staffs' loyalty by participating in social exercises since these exercises as a rule incorporate the welfare of employees and their families.

Camilleri (2002) carried out a study on a portion of major antecedents that contribute in making staff committed in a firm using a regression method and analysis of variance found that position; instruction level and identity are factors that decide a person's level of employee commitment. He likewise discovered that education level and position are highly significant on the continuation and regulating measurements of employee commitment while identity is fundamentally more grounded for the duration and viable measurements. Their outcomes demonstrated that where staffs thought the firm had a minding ethos is a vital determinant of expanded staff commitment. This demonstrated employees' loyalty is exceedingly influenced by the organizational culture, for the most part towards their family prosperity, of the organization that they work for and not by the conduct of their manager or administrator towards them.

Affective commitment is built on a continuous friendliness that is based on the staff's recognition concerning the degree to which the firm values their commitments and thinks about their prosperity (Florence et al., 2015). Organization commitment relates to the sets of strong uplifting mentalities towards the organization showed by commitment to objectives and a mutual feeling of significant worth (Durmy & Garland, 2012). Sense of commitment regarding work is a factor of job encounters, recognitions about organization and the personal characteristics that make someone have positive feelings about the organization and develop a liking and a bond to it.
Joo et al., (2012) discovered that transformational leadership outcomes was related with very high self-evaluations that include efficacy, high self-realize and high control locus and stability in emotions that foster commitment within the organization. This commitment fosters the level of openness bringing about creativity forth betterment of the organization. Neinegner et al., (2010) correlated commitment and organization performance and discovered a very strong relationship amongst the two.

Goodwin et al., (2011) agreed with these sentiments, view commitment as a stimulant to the follower to change motives believes, and values these bring about new capabilities. Through commitment staff can obtain discount for labor although this was discouraged, Moriart (2014) found that committed staff do not attach a lot of value in the pay. A firm that has financial crisis can bank on staff even though salaries are reduced in which case expenses are lowered, the staff will still remain in the organization. Committed staff member are willing to engage in decision-making and thus improve the decision-making abilities of the organization. RBV theory indicates that the quality of decision-making differentiates one organization from the other (Bearnny, 2001) giving rise to competitive advantage.

Staff performance is realized as an indispensable part in a leadership achievement. People who have low commitment are probably going to work with low assurance just to get by. They generally do not draw in all their vitality into the objective and mission of the firm. They are typically more concerned about their individuals improve than the improvement the firm. They look well after themselves individually than they would take care of the interests of the firm. Generally, where there come a better organizational they are profoundly prone to leave for that other work. By contrast, employees who have high commitment levels view themselves as a vital part of the firm and they ordinarily go an additional mile for the firm development and improvement. Any risk to the firm is viewed as a peril to them as well. Such employees subsequently turn out to be always and imaginatively engaged with the mission and vision of the firm and consider ways to development the firm for their development as well. Relationship between the employee commitment in work and the performance has been considered in various regions.

It is always important to understand what causes people to like and bond with their organization as Rosenholz, (1985) and Marks and Louis, (1997) found out, people commit themselves when there is internal motivation and commitment. When this lack, they feel dissatisfied and disengage with the organization leading to poor performance (work failure).
and poor working experiences and thus high turnover. It is also evident that lack of commitment to an organization is a key hindrance to organizational change and reforms.

Firms hardly need any learning to sustain their competitiveness in an unchanging business environment (McGill & Slocum, 1993). With the entry of WTO, more external competitors from outside the country with their altogether advanced methods, especially in management, make the Chinese construction firms realize that it is more difficult proceed without learning. The way ahead is to look for after new knowledge and to share in learning generative systems that withstand constant progress to adjust to their progressing and creating business condition.

Lo (2009) completed an study on the relationship between leadership styles (concentrating for the most part on value-based and transformational leadership styles) and staffs' employee commitment in Malaysia by utilization of regression analysis and established that that transformational leaders are more ready to get commitment in employees than value-based leaders. Their discovering demonstrates that transformational leaders have a higher and better firm with the staff performance. This deduces that the leaders who give encouragement and focus on the individual needs of adherents and gives advices will very upgrade the level of staff commitment of the employees.

Avolio, (2004) examined the relationship between transformational leadership outcomes and staff performance and he concentrated on the auxiliary separation and psychological strengthening using an example of 520 staffs attendants who were used by a substantial public doctor's facility in Singapore. Their outcomes demonstrated that there was a positive relationship between transformational leadership outcomes and employee commitment in this manner inferring that psychological strengthening encouraged the relationship between transformational leadership outcomes and staff commitment.

Shastri, (2010) did an analysis on the linkage between appealing leadership and staff commitment in the Indian organization. He used a sample of 147 employees from the Eastern and Northern India and established that that the two principle antecedents (Charismatic leadership and work satisfaction) put a strong impact on staff commitment of the staffs of the Indian firm in the example used as a part of the analysis. The outcomes demonstrates that individuals have an inclination of being more fulfilled when their leaders indicate alluring conduct and it influences them to be more dedicated to their work to put. The discoveries demonstrated that leader's affectability to part's needs is identified with staff commitment; therefore, leaders have an obligation to be clear about the values and
objectives of the firm so they adjust them to the requirements of the employees. This will incredibly diminish the high developing turnover rates experienced in the present and globalized world.

Akintayo (2010) investigated the impact of work family part conflict on employee commitment of the Industrial laborers in Nigeria with utilization of t-test and a linear regression analysis. The analysis found that there was a high however negative commitment of work family part struggle to staff commitment. In light of these outcomes, Akintayo (2010) recommended that the leadership support program is required to be encouraged and given in the different levels of laborers keeping in mind the end goal to diminish the weight of work-family part strife interface and basically actuated sense of commitment regarding their work. He additionally suggested that the level of family obligations of the laborers required thought at the season of enlistment, in doling out duties and position process with a specific end goal to improve and increment staff commitment.

Engaged staff give a high commitment to firms since they carry on and perform on accomplishing the firms’ objectives. Moreover, staff who are focused on their firm are categorically positive to be its individuals, they have confidence in and like the firm and what it remains for, and have the will to make the rational decision and useful for the firm. Hence, we can state that there is a relationship between organizational performance and leadership performance. Some past research proposed that organizational performance is to a great extent unrelated to work performance. Besides, Mowday et al., (1982) inferred that the relationship amongst leadership and performance does not exist.

Organizational performance is viewed with regards to the psychological contribution and fondness of staff to their occupations. Horton showed that more grounded commitment could bring about low levels of truancy and turnover, in this manner expanding a firm’s profitability (Schuler & Jackson, 1996, p. 302). However, the relationship in the midst of organizational commitment and work performance is tenuous. Therefore, they arrived at a conclusion that loyalty has minimal direct impact on performance in many events (1990:184). Organizational performance is a fundamental factor of the experience work and essential to understanding and running an organizational direct. Benkhoff expressed that the real reason regarding why commitment has been one of the fundamental mainstream inquire about subjects in present psychological and organizational conduct for more than 30 years is because of its impact on performance.
Thomas et al., (1996) contemplated that conclusion that loyalty is mainly unrelated to work performance is focused upon the moderate perspective of performance, which is that the staff warmth includes "the relative quality of a person's relationship with and inclusion in a specific organization" (Mowday et al., 1982:27). As opposed to this conventional conclusion, various theoreticians and researchers have started to see staff performance as having different objective and bases. Objective commitment is viewed as the people and groups to whom a staff is appended (Reichers, 1985). The bases of commitment are the intentions provoking relationship. This has been recognized for quite a while that a staff can be focused on such emphases as occupations. Most recent research has upheld that employees can likewise be in various courses focused on occupations, top leadership, directors, associates, and clients. As to the bases of performance, early research recommended that distinctive motivational procedures trigger specific attitude.

According to Kelman (2012), compliance happens when individuals adopt practices and behaviors keeping in mind the end goal to obtain specific rewards or to evade particular censures. Identification happens when individuals adopt practices and states of mind to be aligned with a supporting, self-characterizing firm with another groups or individual. Ultimately, internalization happens when individuals adopt practices and states of mind in light of the fact that their substance is amicable with the people realize frameworks. After conducting a larger project to all the 1,803 individuals, Becker et al., discovered that sense of commitment regarding administrators was decidedly identified with performance and was incredibly connected with performance than was performance regarding organizations. In addition, internalization of administrators' and firms' realizes was connected with performance yet recognizable proof with these objectives (targets) was most certainly not.

### 2.2.1.3 Social Identity

Staff relationship with a firm is considered as social organizational commitment. Normally there are three degrees of leadership performance, continuance commitment, normative commitment, affective commitment (Allen & Meyer, 1996) determined that these sorts are free and are established that by various people at different levels of leadership in the firm. Moreover, Watchman (1974) portrayed that organizational commitment is how much staffs consent to take the objectives and interests of firm and are confident to stay in the firm. Committed employees of a firm display positive social identities to support their firm and they consider less about leaving from the firm. According to Muchinsky (2007), employees
contribute to the wellbeing of their company when the labor efforts exceed the duties assigned to their positions. An employee becomes a citizen when they display an urge to perform beyond expectation and find ways to sort out institutional problems and make some additional contribution (Ernesto et al., 2015).

Wasti (2003) argue affective commitment is that it pulls others, is valued and is manifested by an emotional link that promotes the most valued behavior. The employees become a citizen, provide, and uphold an emotional link that promotes the organization citizenship. Various aspects are mentioned as resultants of OCB. These are job satisfaction, emotional attachment commitment within the firm as Caldwell et al., (1990) found out on employees motivation. Staffs are motivated through what comes from the leaders. Leadership carries a very high burden in ensuring that employees do trust the organization and are willing to offer themselves for the growth of their employees.

According to Ivancevich et al., (2006), the key to organizational success lies in its human resources. Human resources need to work hard, think creatively and perform within a framework of excellence. It also requires rewarding and encouraging human resources timely and significantly. Ivancevich (2006) suggests that it is possible to perceive clearly the beneficial, pleasing and motivating interactions resulting in a work environment with people who get along, understand each other, communicate well, show respect, and work in harmony and in cooperation versus other work environments where the opposite prevails. This is the exact role transformational leaders have to fill. They are supposed to create within staff the understanding and motivation that enables them love the institution and commit to it in all aspects.

According to Buchanan (1974) organizational performance is viewed as the emotive sense of commitment regarding understand the leadership destinations. Leadership commitment is “the aggregate internalized normative demands to perform in a manner which meets organizational objectives and interests”. Marthis and Jackson (2000) expressed that employee commitment as the degree to which staff stays with firms and ponders on the organizational targets honestly. Luthans (2006) looked into on leadership commitment as the longing of being an individual from a firm and not to scrutinize their firm. Leadership performance is a distinctive measure of expert of staff empathy by the targets and assurance of firm and remains effectively engaged with it, firm commitment is also be an improved marker for staff wishing to stay at work or need to change (Mc Neese-Smith, 1996).
Stephen (1992) explains that staff commitment is only one of many factors affect performance, but certainly is a key factor. He portrays commitment as an attitude that develops from a process called identification, which occurs when one experiences something, someone, or some idea as an extension of oneself. While numerous studies on commitment treats it only in terms of identification with organization, concerning its central goal, values and mission on the other hand, he emphasizes on three-dimensional concept including identification with the work itself and with co employees. He is certain that these are correspondingly high since they can have influential outcomes on staff performance.

As a basis of his study he makes a an interactive model that suggest great organization strategies prompt an operational motivation framework and staff commitment, an employee’s remunerate framework impacts in enhanced employee commitment and staff performance, Staff performance brings about enhanced staff performance. As a result of the research in two organizations, whose 418 and 430 staff, respectively, he established a significant relationship between staff performance rankings and commitment rankings in all groupings, and also the correlation between performance and commitment for managers and operational staffs grouped separately were significant in all categories. The higher the level of staff commitment to work and organization showed a higher the level of performance.

According to Bratton and Gold (2007), employee commitment is relative to the laborers' attachment with or contribution to the firms in which they are employed. Staff commitment is significant as it determines if staff are likely to leave their work or improve performance. Mowday, Steers, and Porter (2006) emphasized on concepts they indicated to as behavioral commitment and attitudinal commitment. In this approach, staff commitment has three multi-dimensional segments in particular: continuance performance, affective commitment and normative performance.

As from the 1970s, two perceptions of the idea of leadership performance have dominated the literature. The principal view refers to organizational commitment as a conduct (Becker, 1960; Blau & Boal, 1987; Salancik, 1977). In the behavioral approach, the study accentuation is on distinctive articulation of commitment. A staff becomes committed to an organization because of 'sunk costs’ (e.g., fringe benefits, salary as a function of age or tenure), and it is excessively costly for the staff, making it impossible to leave (Blau & Boal, 1987). The second view refers to organizational commitment as an attitude (Etzioni, 1961; Kanter, 1989; Zangaro, 2001), wherein organizational commitment is depicted as a 'state in which a staff identifies with a specific firm and its objectives' (Blau & Boal, 1987).
As indicated by the two distinct perspectives of organizational commitment, there are two key conceptualizations of commitment predominant in the experimental literature from Porter et al. (1974) and Becker (1960). According to Porter, et al., (1974), organizational commitment is "the quality of a person's identification with and relationship in a specific firm". Becker (1960), on the other hand, characterizes leadership performance as the slant to include in "predictable lines of action" for the reason that of the apparent cost of doing something. The relinquishment of alluring advantages and rank, the bustle of individual relationships produced by moving to another area, the vitality consumed in searching for another work, and so forth. (Becker & McCall, 1990).

Meyer and Allen (1990) as affective performance and continuation commitment portray the two unique perspectives of Porter et al. (1974) and Becker (1960). Affective commitment includes the staff's enthusiastic relationship, recognizable proof with, and association in the firm. Continuation commitment includes the staff's costs related with leaving the firm practically identical to the organizational performance idea proposed by Becker (1960).

Organizational commitment has constantly been an imperative attitudinal measure of staff expectations and conduct .The outcomes of organizational commitment include retention, attendance and participation (Zangaro, 2001). Research proposes that staffs that show organizational commitment are more joyful at their work, dedicate less time far from their occupations, and are less likely to leave the firm. Consequently, if a staff is ethically dedicated to a firm, the following can be expected: increased likelihood of retention, consistent attendance, and increased productivity. It can therefore, be recommended that the committed staff will achieve more than uncommitted staff. On the other hand, studies show that organizational performance is continually influenced by two elements, specifically, personal factors including employee’s gender, age, tenure, and employee’s education level. Events highlights, for example, work trademark organizational uses and staff's work involvement (Mathieu & Zajac, 1990; Randall, 1990). Among these factors, the work of organizational commitment is emphatically related with leadership performance.

Organizational performance is defined as “the aggregate of all the individual’s behavior within the organization over time” (Mitchell, 1983). Furthermore, the person's performance is depicted as "the greater part of the practices a staff includes in while at work". While a few analysts characterize performance in relations of tasks performance, not every one of the practices a staff exhibits at work is related to specific undertakings. In an analysis of enrolled military staff (Bialek et al., 1977), it is discovered that not as much as half of their
work time is expended executing undertakings that are particular to their tasks descriptions
(e.g. making individual telephone calls).

As indicated by Campbell et al., (1993), performance can be portrayed as far as the conduct
staff show at work, and such practices must be contributive and supportive to a firm's
objectives keeping in mind the end goal to be reflected in the area of undertaking
performance. Such definition diminishes the chance of excluding those practices that are not
stringently reflected as a component of task necessities, but rather regularly assume a part to
leadership objectives. Chatting while at work ought not to be reflected as a major aspect of
task performance, despite the fact that it can be faced off regarding that it supports the
individual to put in a better performance (maybe by reliving of pressure). This outline
recommends that undertaking performance ought to not exclusively be evaluated by the
length of work yet demeanor, and the way one works ought to likewise be considered.

Campbell (1990) contends that there are three essential attributes in the assessment of
organizational performance in many classifications of orders, namely job-specific task
proficiency, demonstrating effort, and maintaining personal discipline. Prior research in
relationship to the determinants of undertaking performance include those of Campbell
(1990); Jamal (1985); Murphy (1990); and Sternberg (1994); and so forth. Pinto and Slevin
(1988) establish that ten key critical factors are related altogether to project success;
Jaselskis and Ashley (1991) investigated optimal allocation of project management
resources; and Chua et al., (1997) arrange key leadership viewpoints that effect budget
performance.

To gain continuous improvement, leadership-learning theory adopts the view that an
organization is a body which can study to learn how to survive. Firms need improvement
and innovation to sustain their competitiveness in the changing business environment
(McGill & Slocum, 1993). The World trade organization and other external competitors
with their significantly inventive procedures, particularly in leadership, Chinese
construction firms realize that it is more difficult survive without learning. The way forward
is to seek after new knowledge and to partake in learning generative procedures that
withstand continuous improvement to adapt to their advancing and developing business
environment.
2.3.2 Trust and Performance

2.3.2.1 Transparent Leaders (Communication)

Brown, McHardy and Taylor (2015) conducted a study to explore the relationship between employee trusts of manager’s transparency on workplace performance. They presented a theoretical framework that serves to establish a link between employee trust and firm performance as well as to identify possible mechanisms through which the relationship may operate. They then analyzed matched workplace and employee data in order to ascertain whether the average level of employee trust within the workplace influences workplace performance. They exploited the 2004 and 2011 Workplace and Employee Relations Surveys (WERS) to analyze the role of employee trust in influencing workplace performance in both pre and post-recessionary periods. Their empirical findings support a positive relationship between three measures of workplace performance (financial performance, labor productivity and product or service quality) and employee trust at both points in time. They then exploited employee level data from the WERS to ascertain the determinants of employee trust as well as how trust is influenced by measures taken by employers to deal with the recent recession. Their findings suggested that restricting paid overtime and access to training potentially erode employee trust. In addition, we find that job or work reorganization experienced at either the employee or organization level are associated with lower employee trust.

Erdem, Ozen and Atsan (2003) conducted a study on the relationship between trust and team performance. The study reported in this paper sought to investigate the relationship between the level of trust between members of a work team and the performance of that team. The study involved 148 members of 28 teams across four organizations. Suggests that though there is a relationship between trust and performance (which was found to be particularly strong within two of the organizations), there are other factors at play.

Brown, McHardy and Taylor (2015) conducted a study to explore the relationship between employee trust of managers and workplace performance. We present a theoretical framework that serves to establish a link between employee trust and firm performance as well as to identify possible mechanisms through which the relationship may operate. They then analyzed matched workplace and employee data in order to ascertain whether the average level of employee trust within the workplace influences workplace performance. They exploited the 2004 and 2011 Workplace Employment Relations Surveys (WERS) to
analyze the role of average employee trust in influencing workplace performance in both pre- and post-recessionary periods. Their empirical findings support a positive relationship between three measures of workplace performance (financial performance, labor productivity and product or service quality) and average employee trust at both points in time. Moreover, this relationship holds when we jointly model average employee trust and firm performance in an instrumental variable framework in order to take into account the potential endogeneity of employee trust. They then exploited employee level data from the WERS to ascertain how individual level trust of the employee (rather than the average within the workplace) is influenced by measures taken by employers to deal with the recent recession. Their findings suggested that restricting paid overtime and access to training potentially erode employee trust. In addition, we find that either job or work reorganization experienced at the employee or organization level is associated with lower employee trust.

Paliszkiewicz (2012) conducted a study on orientation on trust and organizational performance. The paper gave an overview of major issues in trust research, identifying foundations of building trust in organizations. The paper deals with important issues of connection between managers’ trust, organizational trust and organizational performance. The research connected with this topic was done in polish enterprises from Mazovia Province; this work was supported by Ministry of Science and Higher Education in Poland. Article is connected with realization of research project entitled “Orientation on trust and organizational performance”. The analysis shows the approach to measure managers’ trust, organizational trust and organizational performance. Author checked the correlation between level of trust and organizational performance, which was positive.

Crossman, (2010) in another study found out that trust yields integrity, love, hope and faith. As long as staffs have these factors, then performance is assured. This study takes a basis that transformational leadership outcomes yields trust. This trust accords staff some level of goodwill that they associate with leadership thereby making them more vulnerable to them. The directions that leaders give and the commitment they have on the organization will cascade to the staff. Microfinance is very dependent on the staff on the ground that has a direct interaction with the clients. The level of confidence they exude determine the reception of the organization at grass root that level. Microfinance thrive on social capital (Nkamnebe, 2011)and this is what is required for staff thus the growth will be highly achievable.
Khan (2012) investigated work commitment of staff and performance and discovered the way that work commitment leads to better performance to staffs. The structure of performance leadership additionally weights on staff work commitment. Organizational commitment is to create positive feeling among staff about their occupation. More noteworthy occupation commitment assembles more positive feelings in the mind of staff about their work. Luthans (2006) determined that work commitment makes positive enthusiastic emotions outcome from work assessment. Nasaradin (2001) expressed that the work commitment may be charming or the positive passionate state, which is resultant from evaluation of one's work or occupation encounter.

In a study of transformational leadership outcomes and performance, Guay (2013) was able to prove that trust and performance had a positive relationship. He established that leadership is predetermined by the degree of trust that the followers had onto the leaders. Scepteker et al., (2013) established this relationship too presenting that trust comes with leadership. Additionally, he indicates that trust has positive effect on the moral judgment of an individual. This raises the probability of building ethical decisions. The findings show that microfinance are not able to collect their loans owing to leadership intrusions, (Waweru et al., 2011). When ethical decisions emerge among the organizational members business grow. This study looks at trust from this perspective that it not only gives hope and faith but also inspires people to do the right things and thus bring about success.

Transformational leadership outcomes have been seen to be trust mediator (Cheung & Wong, 2011; Cheung et al., 2014). Cheung and Wong (2011) in study found out that staffs do not perform if they have no trust in leadership. This finding is supportive of a study by Bartram and Casimir, (2007) who in a study conducted on call center staff found that trust in a big way mediated satisfaction. Satisfied staff always gives good performance in extension, Bartram and Casimir (2007) discovered trust has some unique effects that change the self-concept of staffs. This defines the level to which the staffs engage with the organization and commit to the organization’s goals and achievements. They argue that trust has an empowerment impact on the behavior of staffs and this has an impact on the performance.

The concept of staff performance is an issue that has received wide attention for a vast degree in literature and research as a result of its distinctive importance since every firm focuses to achieve higher performance (Ojo, 2009). It is the basis of the success of an organization which, in all ways, is reliant on the individual staff performance. When an
individual performs as according to the expected standards, at that point the firm performance will be improved and enhanced (Chegini 2010). It is, therefore, sensible that staff performance is incredibly a key criterion that relates to organizational outcomes and achievement.

Given the importance of staff performance, management needs to satisfy a top to bottom analysis of their staffs and discover the determinant factors that will support high staff performance. The notion of trust has existed as long as the history of humankind and human social interactions. The term itself dates back to around the thirteenth century and -having its roots in expressions symbolizing faithfulness and loyalty-the concept of trust is extremely at risk to be "as old as the basic kinds of human association ". It is now widely asserted that relatively all aspects of human life to be based on some form of trust. Certainly, trust is positive and key to individuals, as it is a bit of the basic portions of life; for instance, friendship, love and different sorts of fundamental relationships seem to depend on this notion (Wang & Emurian, 2005).

Trust is seen as a basic essential for the running of various levels of human relations: it portrays firms between social occasions, affiliations, nations and dyads yet can similarly be seen to be a serious variable for firms between individuals (Butler, 2011). Trust is a fundamental part of human life since it can be best named as an organization machine in social, business and correspondence exchange firms. The fundamental piece of trust can be supplemented by saying that when there is social vulnerability with respect to how others will coordinate themselves– which verifiably is the circumstance in most social firms – trust is seen as a key factor that makes sense of what people anticipate from the condition setting. It makes ones result more conceivable than another. Trust as a psychological instrument that controls what individuals over the long haul find a way to do, both in social firms and what's more in business firms and distinctive parts of life.

Using the Hofstede Value Dimension, the study charmed on eight components which the principle fundamentals of staff performance. The components are productivity, communication, and staff engagement, quantity of work, consistency teamwork, citizenship, loyalty and creativity. Staff productivity is assessed by the amount of work a staff has delivered. This is quantified by incorporating indicators on evaluations that focus on capturing measurable data. Productivity related an indicators may examine the quantity of tasks that a staff has versus what the production outcomes (DeWitt 2010).
DeWitt (2010) insisted that basic leadership as an indicator of performance and it exhibits how well a staff is equipped for influencing a judgment in an offered work to condition and react to it. The method for checking this varies starting with one firm then onto the next. Robertson, Birch and Cooper (2012) expressed that a few organizations search for quick basic leadership, the ability to make indiscreet judgments with deficient knowledge, while others incline toward staffs to mull over carefully and research before responding to clients or venture exercises.

### 2.3.2.2 Dependability of Leaders

Over several decades, researchers from different disciplines, for instance, have broadly examined the impression such as psychologists, anthropologists, sociologists, economists, organizational researchers and marketing researchers. The essential message that trust is fundamental remains a tool for dependence from leaders; however the concept’s criticalness is explained differently across those disciplines. For instance, Rotter (1967), often referred to representative of the psychological school, emphasizes on the vitality of trust by making the claim that the trustor’s (i.e., the trusting party) trust that the trustee is trustworthy is a key element in the formation of social relationships. Without trust, communication and relations among individuals are pointless.

Lewis and Weigert (1985a, p. 968) moreover adequate recognition of the concept in a comparative school of thought by finding that trust is on a very basic level "crucial in social relationships ". A basic consideration for individuals in regular exchange relationships is choosing interchange meetings with whom an individual is willing to interrelate. Trust has a key part in such kind of choices. Exceptionally, the undeniable recurrence with which decisions are for the most part make us assume that trust is typically made and can be considered as being critical to human exchanges social systems. In reference to this, Zucker (2011, p. 56) sees that trust is “vital for the maintenance of cooperation in society and necessary as grounds for even the most routine ".

Murphy (1993) stated "the variable most universally accepted as a basis of any human interaction or exchange is trust". Therefore, the concept is critical from complex, one-of-a-kind to very simplistic, everyday decisions. Gbadamosi (2003) contends that the more favorable an individual’s attitudes toward the organization, the greater the individual’s acceptance of the goals of the organization, as well as their willingness to exert more effort on behalf of the organization.
Organizational commitment is ordinarily assumed to reduce renunciation practices, which include lowness and turnover. Similarly, employees who are focused on their firm might be all the more eager to take an interest in 'additional part' exercises, for example, being creative or inventive, which regularly warrant a firm's viability in the market. Emotional attachment to the objectives and values of a firm is commitment. If job satisfaction is absent and other work opportunities present, turnover could well increase (Martins & Coetzee 2007). Staff members who acquire more are not surely more fulfilled in their occupations (Spector, 2008).

A prompt manager's conduct is additionally a determinant of occupation commitment. Employee satisfaction increases when the immediate supervisor is understanding, friendly, offers praise for good performance, listens to employees’ opinions and shows personal interest in them. Staff uneasiness may happen if a staff observe that their diligent work is not recognized or that their prizes are not unprejudiced, fixing to their performance or intended to their necessities (Robbins, 1993).

As per Ghazzawi (2008), a staff's colleagues, the groups they belong to, and the way of life to which an individual is uncovered all can possibly influence work commitment. He investigated the firm of vocation sense of commitment regarding performance productivity and described a positive relationship. He discovered that low commitment is prompting high rate of turnover, while the higher the level of occupation commitment through professional stability includes abnormal state of leadership performance which progress to upgraded staffs work performance (Yousuf, 2010). Commitment of employees can be a fundamental instrument for improving the performance of the firms. In different firms, the stress leads to lower satisfaction, bring down commitment, and thus yields low organizational performance.

A study led by Chen, Silver throne and Hung (2006) demonstrated a positive relationships between organizational communication, leadership performance and organizational performance. Clarke (2006) investigated on the loyalty and system performance in UK based human services units and reasoned that loyalty could assume an imperative part particularly with performance results. The vital part of trust for business and social trade is shown in various strategies and the constructive outcomes are unavoidable. Trust empowers people to cohabite in questionable and sketchy positions. It offers the best approach to lessen social convolution in a colossal, personality-boggling world by reducing the course of action of slants a man needs to think in a given condition. It sanctions us adaptability
from sensible measure (Aikgen & Bousch, 2006) and passes on us with affirmation in social exchanges.

Further, trust is a basic to positive social exchange in various situations as the level of trust is essential to how one interrelates with others in a specific domain. Trust facilitates unsafe clash; and urges compelling responses to emergencies. Trust can likewise be named as a sort of social capital that permits support aspect in conduct and coordination between individuals. Therefore, trust is critical in numerous business activities and relationships, for example, those between a manager and his/her subordinate or in purchaser vender relationships.

Thus, trust has been displayed to considerably affect business relationships in an expansive range. Trust is a substitute determination to control, other than cost and researcher Creed and Miles (2003); it diminishes the requirement for broad discussions, authorized direction, and additionally tight and costly leadership control (Fukuyama, 2007); trust is a critical ingredient of effective working relationships (Gabarro, 1978). In addition, trust supports long haul coordination which is vital to effective transactions and long haul relationships Koehn, 2003); trust produces commitment and builds a man's endorsement of firm Trust turns into a basic achievement variable particularly amid times of uncertainty as a result of an leadership emergency (Mishra, 2003).

Another feature that can be seen as a measurement of staffs ‘performance is their consistency. As indicated by (Rashid, Sambasivan, & Johari, 2003), staffs' unwavering quality can be assessed by seeing at how they show their moral business practices, as not taking the business' opportunity, and in the event that they are working in the records office, how dependable they are. Steadiness in favor of staffs is to be sure a positive quality. Here we are observing how steady they are with their values, how much innovation, planning and organizational abilities a staff shows in addition to how much imagination a staff has toward acknowledgment of required objectives. The presence of trust is ready to diminish obvious risk and exchange costs and is to some degree imperative to any legally binding assertion because of the conceivable leading conduct of the other party.

Janssen, (2001) stated that work commitment is characterized as how a staff of a firm feels about and respects work. These emotions might be sure or negative, more positive sentiments mean staff’s level of organizational commitment is high. As such, positive feelings of a staff towards work environment additionally characterize work commitment. Locke, (1976) perceived there a positive relationship between work attributes and the need
of people. There is additionally regular assertion among researchers that Maslow theory of needs likewise characterizes this relationship between work values and the individual needs.

Luthans (1998) indicated that work commitment has three measurements to be specific occupation commitment can be measured by evaluating how well results meet desires, work commitment identifies with enthusiastic reaction of a staff to an occupation circumstance and organizational commitment can be resolved through a few occupation related states of mind. Choo and Bowley (2007) indicated that commitment and staff performance are interrelated with each other and commitment is the resultant of occupation performance.

Trust can ease uncertainty made by different people and is therefore commonly fundamental in business. Similarly, trust also upgrades the accessibility of the trustee to relate with the trusted party in conditions when the trusting party might be vulnerable to interchange's exercises. It is a significant element leading to actual and anticipated purchases (Doney & Cannon, 1997). Studies have revealed that trust impacts clients' reservations of absence of value and threats of being conned (Jones & Leonard, 2008). Without such a psychological instrument, any organized exertion is presumably going to be disillusion as the threats of frustration would be viewed as squashing. Leadership commitment is conventionally presumed to decrease renunciation practices, which include delay and turnover.

Likewise, employees who are centered around their affiliation may be all the more anxious to appreciate 'extra part' works out, for instance, being innovative or imaginative, which frequently warrant an affiliation's suitability in the market (Katz & Kahn 1978). Emotional attachment to the objectives and values of an organization is commitment (Buchanan, 1974). When their job satisfaction is absent and other opportunities appear, turnover could well rise (Martins & Coetzee 2007). Staff members that earn more are not necessarily more satisfied in their occupations (Spector 2008). Staff dissatisfaction may happen if a staff perceives that their constant work is not recognized or that their prizes are unbiased, tied to their performance or tailored to their needs (Robbins, 1993).

Essentially, all these educational responsibilities demonstrate that trust is shown to have a significant and important influence in choosing individuals' contrasting sorts of desires and practices. Teamwork is for the most part seen as a tremendous perspective especially in the workplace. A staff’s efficiency scores based on what the expected timeliness outcomes are (MacLeod & Brady, 2008) examine staff performance. This ability, stresses Bloisi, Cook, and Hunsaker (2006) can be decidedly assessed on how a staff interconnects with his or her partners; this can moreover be seen on how one communicates their ideas and information
tangibly and with efficiency. A good staff demonstrates great ability in teamwork during scenarios of conflict resolution.

Robertson, Birch and Cooper (2012) concur by saying that, if a staff has what it takes, they should be in a position to express different points of view in a non-undermining way, having knowledge about when it is appropriate to compromise and when it is important to take a stand. As a committed team member, an staff should maintain a high level of character and a professional attitude with an ability to conform and promote the company’s standards of conduct. Although some study has analyzed how trust impacts groups’ performance and the organizational relationships, little work has been done to establish how trust influences individual’s staff work performance.

Robinson (1996), who established that that trust in the business encouraged the relationship between psychological contract break and self-revealed performance, did a notable and special case. Study of the procedure through which trust influenced performance was a beyond the scope of that research. Therefore, the key motivation behind the present analysis is to consider the relationship between trust in leadership and individual performance.

In a recent attempt to integrate the fundamental modules of different approaches to trust, Schoorman (1995) proposed that trust be defined as the eagerness to be vulnerable to another groups when that groups cannot be controlled or examined. An essential part of trust is its relationship with risk. This depiction obviously recognizes the relationship amongst trust and risk, since risk is intrinsic in vulnerability. Mayer et al., (1995) model explicitly separates trust from both its antecedents and its outcomes. The theory depicts that the perceptions of a trustee's attributes that make that party trust worthy is entailed of three factors.

Their theory proposes that perceived trustworthiness is comprised of three factors: ability, benevolence, and integrity. Ability is the perception that the trustee has skills and competencies in the domain of interest. Ability is the perception that the trustee has skills and competencies in the domain of interest. Benevolence is the trustor’s (i.e., trusting parties) perception that the trustee cares about the trustor’s wellbeing. Integrity is the perception that the trustee adheres to a set of principles that the trustor finds acceptable.

People have to produce trust in order to participate in many activities with others and would refrain from social interactions (e.g., communication) with other people whom they do not trust (Blau & Luhmann, 2012). Zand (1972, p. 229) adds to the concept’s role by stating that trust “is the salient factor in determining the effectiveness of many relations”. Konovosky
and Pugh (2004) as well as Schurr and Ozanne (1985) more forcefully note that trust is nothing more than the prime motivator of behavior in general. These opinions support the claim that individuals should in general develop more trust. However, this should only take place under conditions which give them adequate reasons to do so.

Katz, Weber, and Kochan (1985) came to a similar conclusion of consideration in their study of industrial relations. Managing formal conflict resolution processes such as grievances and disciplinary actions takes a considerable amount of time and resources. "To the degree that leaders and unions devote time and effort to these formal adversarial procedures, they constrain resources accessible for critical thinking, communication and different activities linked to human resource management, efficiency or organizational development‖. They call this a displacement impact, referring to the fact that adversarial procedures displace the focus of attention from activities that improve the organization’s effectiveness.

Team performance (as a team, as opposed to task-competing entity) can be evaluated on essential benchmarks, for example, proof of steady problem solving, the continual search for alternative solutions, continuous improvement of quality of outputs, error and wastage rates and productivity improvement. Therefore, the essential teamwork will not be produced and the performance will be not as much as desired.

The diverse knowledge on trust turns out to be more evident when one relates disciplines divergent views of trust. For example, psychologists commonly base their valuation of trust regarding the attributes of the trustee as seen by the trustor. Similarly, a look into the field of psychology research focuses on various inner perceptions that individual values yield. Traditionally, personality psychologists have regarded the concept of trust as an individual’s personal trait, often called a “propensity to trust”, that is deeply rooted in the personality and has its origins in the individual’s early psychological development

Social psychologists and management researchers have frequently characterized trust as a prospect about the conduct of different people in transactions, which is influenced by contextual factors (Lewicki & Bunker, 2003; Mayer et al., 2007). Nevertheless, firms interactions summed up trust in (personality) and situational trust (environment) can likewise occur. Sociologists express an alternate view, in that they have pondered trust as a social good which is dug in social relationships among individuals or institutions (Zucker, 2011). Among economists, it is general to see trust as either calculative or as an institutional phenomenon that can reduce the worry and vulnerability related with transactions.
There are different methodologies inside business schools in the analysis of trust through various domains. For instance, management analysts' interest for the topic started in the mid-1980s. From this point of view, trust has been contemplated as a factor that empowers agreeable conduct among people, groups, and firms. Trust as a concept has likewise engaged real interests’ core in the modern world and has discovered its way to the main point of recent advertising understanding. The predominant worldview of relationship marketing would not be possible without the idea of trust. Accordingly, advertising researchers have specially centered on trust in a specific interaction partner (i.e., interpersonal trust) and on its consequences in buyer-seller relationships.

Marketing understanding is subsequently not a stand-alone research but rather is strongly engrained in interdisciplinary research. The role of trust in marketing has been studied with regards to distribution channels (Anderson & Narus, 1990). Between industrial purchasers and dealers, and furthermore inside the setting of retailing and on the consumer level, trust in the salesperson (Doney & Cannon, 1997), and trust in the brand (Chaudhuri &Holbrook, 2001), trust in the seller and additionally trust in vendors. Marketing knowledge about customer conduct reflects the comprehension and assumptions of respect of a person’s environmental structures, and their consequences.

Contributions in this field fundamentally originate from two literature strings, which are research on relationship promoting and research on web based business/web based shopping. The latter subject prompted a resurgence of the observation in the most last decade. Within the advertising field, trust is frequently viewed as having a crucial part in holding relationships amongst purchasers and dealers successfully together (Berry, 2007; Dwyer, Schurr & Oh, 2008; Morgan & Hunt, 2004) and empowering positive business results for the two groups. This stream of research is valuable, as it shows the need for domain-specific study of the nature and part of trust. Simultaneously, trust has frequently been characterized and conceptualized by the highlights of a specific setting. For instance, the build of trust has been researched with regards to individual and sentimental relationships firms.

Despite the fact that these multi-disciplinary and multi-contextual observations have both shaped a distinctive scope that invigorates the trust literature and our area particular learning (Bigley & Pearce, 2001; Rosseau, Sitkin, Burt & Camerer, 2001), it for the most part likewise adds to inert disarray among analysts, leaving vital inquiries unanswered: what is trust truly? Likewise, would we be able to distinguish something that we can for the most
part mark "trust" or are there various structures implying that we need to develop the significance inside every area? On the likelihood that trust is thought to be a socially characterized develop (Searle, 2007), a man's comprehension of the idea might be not the same as others. This is valid for our everyday understanding and clearly additionally in sciences. Along these lines, a few analysts regularly characterize trust as a conviction or reckoning while others characterize trust as a state of mind.

Regardless others see trust as a simply behavioral or an internal procedure, judging, leaning toward or like picking (Lewis & Weigert, 1985). A significant number of researchers’ regard trust as a characteristic feeling of confidence. Others see trust as being synonymous to dependability, stressing trust with regards to individual values that incites or causes uplifting desires with respect to different people Among those attributes of the trusted party that suggest trust, researchers regularly allude to an arrangement of characteristics including ideas of quality, reasonableness, capacity, consistency, goodness, generosity and trustworthiness. Additionally, there are the individuals who see trust as a character or a consistent mental state. As needs be, trust is a feature of identity that develops in the beginning times of life and stays stable (or moderately steady) through one's lifetime.

Others respect trust is a decision (Alpen, 1997). At long last, a few researchers view trust as an equivalent word for human coordinated effort or risk taking (Kee & Knox, 1970; and, 1972) and frequently made an endeavor to quantify the develop by using agreeable practices in issue diversions (Deutsch, 1958, 1960). In a comparable way, trust has been bantered to be a psychological structure having intellectual (i.e., trust involves sentiment or an expectation that things will turn out unquestionably or that individuals will act absolutely - trust as an issue of conviction or learning), affective (i.e., trust involves state of mind or feeling)

As per Kuhn (1962), scientific endeavors should, over some stretch of time, prompt some level of assent with respect to the topic of interest. However trust literature suggest normal concurrence on the centrality and the constructive outcomes of trust, a similar literature stream has so far needed to reveal a required agreement on what trust in implies (Kee & Knox, 1970; Wang & Emurian, 2005; Yamagishi, 2004). Literally many definitions of trust differ today. Some of these definitions overlap, however more regularly each single definition offers an assertion of an alternate aspect of trust (Grabner-Kraeuter & Kaluscha, 2003). Thus, studies regarding the idea of trust are regularly observed as very awkward and complex.
Giffin (1967, p. 104) says that trust "has been known as a somewhat supernatural and immaterial factor, likely challenging observational definition". Being aware of the confusing conceptual difficulties, different trust researchers refrain from particularly defining the idea conclusively while different researchers arrive at the conclusion that the idea is relatively unimaginable or subtle to characterize. The puzzle in characterizing trust is additionally exhibited by different articulations of researchers. For instance, a few researchers find existing definitions conflicting and rather confusing (e.g., Gulati & Sytch, 2008).

Hosmer (2007) consistently expressed that the different disciplines in with the quality of trust in the conduct of human affairs, yet on the other hand, there likewise gives off an impression of being a comparable absence of concession to an appropriate academic meaning of the idea. In a comparative way, Luhmann (1980, p. 8) remarks on the unintegrated and inadequate condition of trust investigate that “diverse conceptualizations of interpersonal trust coexist with intense convictions that the various things described are central in all of human life ". Over several decades, trust researchers have called for theoretical clearness (Golembiewski & McConkie, 2009), however, with little achievement.

Today, the problem with trust as a concept continues as before, limiting future research due to absence of an all-around acknowledged definition. Trust can ease address made by different people or collectibles and is therefore commonly fundamental in business (Blau, 1964). Similarly, trust also upgrades the accessibility of the trustee to relate with the trusted party in conditions when the trusting party might be vulnerable to interchange's exercises. Thus, an extensive section prompts honest to goodness and obvious purchases (Doney & Cannon, 1997). Studies have revealed that trust impacts clients' reservations of absence of value and threats of being conned (Jones & Leonard, 2008). Without such a psychological instrument, any organized exertion is presumably going to be disillusion as the threats of frustration would be viewed as squashing.

2.3.2.3 Vulnerability

Organizational commitment is conventionally presumed to decrease vulnerable practices. Likewise, employees who are committed to their affiliation may be all the more concerned to appreciate 'extra role' activities, for instance, being innovative or imaginative, which frequently warrant an affiliation's suitability in the market (Katz & Kahn 1978). Emotional attachment with the targets and values of an organization is commitment.
Modern scholars for example, the ethical rationalist and Hume-fellow Annette Baier advanced the discipline’s knowledge on trust by focusing on interpersonal trust (i.e., trust amongst people) and the morality of trust relationships. Baier (2004) started one major philosophical meaning of trust, as she sees trust as a person's acknowledged vulnerability to another’s chance to harm the trusting person. Political philosophy can be considered as an area of valuable research, as members from this school have examined trust as far as social realizes and advantages. For instance, one striking individual from this school is Francis Fukuyama, who other than perceiving the part of interpersonal trust, extended his point of view to adopt issues of culture and society. In his politically oriented book entitled Trust, the social virtues and the creation of prosperity, Fukuyama (2007, p. 26) characterizes trust as "the expectation that arises within a community of regular, honest, and cooperative behavior, based on commonly shared norms, on the part of other members of that community ". He additionally proceeds with the statement that these standards can be about profound ‘value’ questions like the nature of God or equity, however they likewise include secular norms like professional standards codes of behavior”.

Although these multi-disciplinary and multi-contextual perceptions have both molded a distinctive degree that stimulates the trust composing and our domain specific knowledge (Bigley & Pearce, 2001; Rosseau, Sitkin, Burt & Camerer, 2001), it generally also contributes to an inactive confusion among researchers, leaving indispensable request unanswered: what is trust really? Likewise, would we have the capacity to recognize something that we can generally check "trust" or are there different structures inferring that we have to build up the centrality inside each area? Trust is believed to be a socially defined construct (Searle, 2007), a person’s understanding of the thought maybe not the same as others. This is substantial for our regular comprehension and naturally also in sciences. Thus, a couple of researchers routinely portray trust as a belief or expectation while others describe trust as attitude. However, others consider trust to be a behavioral or an internal process, judging, similar to choosing, judging, or preferring (Lewis & Weigert, 1985).

Some consider trust to be being similar to loyalty, focusing on trust concerning individual’s values that induces or makes inspiring wants with deference diverse personalities. Among those prospects of the trusted party that suggest trust, analysts routinely suggest a plan of attributes including thoughts of value, sensibility, limit, consistency, goodness, liberality and reliability. Moreover, there are the people who consider trust to be a character or a steady psychological state. As necessities be, trust is a component of character that creates
in the first stages of life and remains stable (or relatively relentless) through one's lifetime. Others regard trust is a choice (Alpen, 1997).

Finally, a number of experts see trust as a proportionate word for human facilitated exertion or risk taking (Kee & Knox, 1970; &, 1972) and as often as possible made an undertaking to measure to grow by using cooperative behaviors in dilemma games (Deutsch, 1958, 1960). Similarly, trust has been discussed to be a psychological structure having scholarly (i.e., trust includes slant or a desire that things will turn out undeniably or that people will act in a certain way - trust as an issue of conviction or adapting), and/or conative (i.e., trust is a matter of choice, motivation or will) aspects.

As per Fukuyama, trust is considered as a mechanism which prompts unconstrained sociability leading to shared values (or social norms) that are for quite some time established by the individuals from a social groups (Wang & Emurian, 2005). These insights make it practical to keep up that trust is normally produced or is, indeed, a need for online relations as it happens in online review groups. The absence of trust would automatically lead to a loss of shared values, norms, and ethical principles, making information exchange meaningless.

2.3.3. Learning and Performance

2.3.3.1 Learning Development

Van Woerkom and Croon (2009) conducted a study to investigate how different team learning activities relate to different types of team performance as rated by team members and managers. The 624 respondents, working in 88 teams in seven different organizations indicate their perceptions of team learning and their performance ratings of the team. Moreover, managers in the organization are asked to evaluate the team performance. Result findings showed that team member ratings of effectiveness are positively related to how bound and stability of the team and information processing and negatively related to information acquisition. Manager ratings of effectiveness are positively related to boundedness and stability, information processing and information storage and retrieval. Team member ratings of efficiency are positively related to information processing and negatively related to information acquisition. Manager ratings of efficiency are positively related to boundedness, stability, information storage, and retrieval. Team member ratings of innovativeness are positively related to information processing, while no predictors are found for manager ratings of innovativeness.
Guța (2013) conducted a study to propose a conceptual model that links the notions of organizational learning (as capability and as a process) and organizational performance. Our contribution consists in analyzing the literature on organizational learning and organizational performance and in proposing an integrated model that comprises organizational learning capability, the process of organizational learning, organizational performance, human capital (the value and uniqueness of human capital), management of the relationship between the process of organizational learning and performance. The result is a model that links organizational learning capability, the process of organizational learning and organizational performance. Our assumption is that the value of human capital, the uniqueness of human capital and management of the relationship between the process of organizational learning and performance are mediators in the relationship between the process of organizational learning and performance. The paper represents a step in linking organizational learning and performance, by proposing a conceptual model, and it needs to be completed with further research in order to undertake an integrated measure of organizational learning and performance.

Salim and Sulaiman (2011) conducted a study to investigate the effect of organizational learning on innovation as well as the impact of innovation on company performance. Based on the literature review, two hypotheses are proposed to guide the study: the positive impact of organizational learning on innovation and the positive relationship between innovation and performance. Data was collected via electronic survey from 320 small and medium enterprises operating in the ICT industry in Malaysia. Findings from the study support both the two hypotheses thus providing further evidence that organizational learning contributes to innovation capability, and that innovation is positively related to firm performance. Several guidelines and practical implications from the study are also discussed.

Jiménez-Jiménez and Sanz-Valle (2011) conducted a study on Innovation, organizational learning, and performance. This article explores those relationships using SEM with data from 451 Spanish firms. The findings show that both variables organizational learning and innovation contribute positively to business performance, and that organizational learning affects innovation. Another finding of this study is that size and age of the firm, industry and environmental turbulence moderate these relations.

Namada (2017) conducted a study on organizational learning and firm performance: an empirical investigation in an emerging economy context. It was premised on the increasing focus on learning from the past to improve the future business organizations. Data were
obtained from firms operating in Export Processing Zones firms in Kenya. There was a paucity of empirical studies focusing on levels of learning and the balanced score card measures of performance. The study adopted a descriptive cross sectional survey. The findings from this investigation showed a positive and significant relationship between organizational learning and none financial measures of performance. However, there was no significant relationship with financial performance measures.

Nzioka (2012) conducted a study to investigate the relationship between organizational learning and performance improvement within the context of Kenyan commercial banks. The study was conducted through an empirical research design; a survey method was employed and the study population comprised all the 43 commercial banks in Kenya. Data was collected by means of a self-administered questionnaire. The data was subsequently analyzed using quantitative techniques of descriptive statistics, correlation analysis and regression analysis. The study found that there is a positive relationship between organizational learning and organizational performance. The study also provides a better understanding of the state of organizational learning within commercial banks in Kenya.

Various researches have been done to find out the relationships between learning, change and leadership. Using a sample in the collection, Verma et al., (2013) found a positive relationship between leadership outcomes and learning. Leadership was established as having the capacity to bring about a cultural change and new order of doing things. Learning was seen as way of encouraging people to take up risks (Brown & Posner 2013).

Herrmann et al., (2013) found a very strong relationship amongst how people are lead and the learning to do new things. They found a high correlation amongst transformational leadership outcomes querying about how followers felt about their leaders and the environment that existed in organizations because of the leadership employed.

Transformational leadership outcomes were found to not only cause learning possible in the followers but as giving an opportunity too for the leaders/top executives to learn new techniques of doing things. A study by Trautmann, Maher, & Motley, (2007) supported the construction learning and transformational leadership outcomes finding a very positive relationship amongst learning and transformational leadership outcomes. Trutman et al., (2005) concluded that transformational leaders not only encourage learning but should bring as much as possible strategies that will support them incorporate learning.

Loone et al., (2011) while studying transformational leadership outcomes in relation to learning found that organizational learning is highly predicted by transformational
leadership. In their study, idealized impact and personalized consideration behaviors of transformational leadership outcomes were more predictive than the other behaviorism line with Coad and Berruy. They contended that leaders could improve work related learning on acknowledgment of the development needs of the general population they lead. They therefore need to furnish them with individual direction and objective coordinated improvement. Similarly, Camps & Rodríguez, (2011) found a positive relationship between staffs ability to learn when they considered their leaders to be transformational. They thus concluded that the results of a company are greatly influenced by organizational learning capacity.

Organizations work with teams that perform interdependent roles. It has been established that teams characterize fundamental units that is used to analyze organizational learning since they take key role in implementation of the learnt techniques. Organizations rely on teams available to work on and apply the chosen method (Bucic & Ngo, 2012; Bucic, Robinson, & Ramburuth, 2010). Leaders therefore need to be keen on the people they bring on board and the kind of demands they put in place to make them competitive and conventional to change. This happens if teams are motivated to work together to build the organization and pursue the interest of the organization to great length through creation of distinct competitive advantages.

Transformational leaders do motivate their followers through use of several means that include logical thinking, building high career expectations and ambitions that become appealing to the individual followers. The recognition by leaders about the equality of all staffs in regard to their experiences, skills and most of all their differences in needs and desires make them create individualized attention that seek to elevate individual’s abilities and needs (Kahai, Jestire, & Huang, 2013). Rolls (2005 ) as quoted by Colbert et al., ( 2016 ) emphasizes on the need for change and gives a very clear relationship between change and learning. According to them, transformational leadership outcomes are the wellspring of learning and change.

The Microfinance sector is not safeguarded from the unceasing changes that define the environment in which they operate (Trautmann et al., 2007). Accountability is demanded of all in leadership starting with the board of directors to the heads of institutions. Leaders have to increasingly make decisions that are quick, loaded with possible repercussions given the era of litigious and heavily enlightened communities who demand nothing but
excellence from microfinance institutions. They operate in societies where access to information is high and movement of staff across institutions is rampant.

The increased change in the environment, coupled with scrutiny and customer demand has made it more urgent for Microfinance institution to urgently seek leadership that would incorporate and synthesize a lot of information, create new ways and approaches to business. Leadership and its development has been seen to take precedence calling for investments in literatures, publications trainings and seminars whose focus is to build leaders who can support organizations cope with dynamism and change. Cummings and Worley (2001) stated that organizational changes regularly demand imaginative abilities, learning behavior from staffs. They argue that in a few cases changes could not be affected unless staffs obtained new abilities. They additionally propose that change operators are required to benefit various learning opportunities, as conventional preparing programs, work directing and instructing, and furthermore experiential simulations, involving both technical and social skills, and that it ought to be guaranteed that such learning happens.

Mitrani, Dalziel and Fitt, (1992) mention the requirement for competency and foresee that firms of the future will be built around people. They stress that there will be little accentuation on jobs as the building blocks of an organization; rather expanded attention will be centered on staff ability. When using individuals as the building pieces of an organization, then competence or what they bring to the job becomes crucial. The competent way to deal with selection and assessment depends on distinguishing, characterizing, and estimating individual’s differences for certain business related construct that are pertinent to successful job performance (Bartram, 2004). The Society for Human Resource Management (2003) has expressed that abilities have turned out to be integral in the field of HRM. The Society refer to supporting evidence showing that over the last thirty years the competency approach has risen up out of being a particular and tight application to being a main system for surrounding, diagnosing and enhancing most parts of HRM. According to the Society, another competency show was fundamental in light of the fact that the business world was changing at an extraordinary rate. These progresses require HR experts to add impressive realize and to do as such expeditiously.

In addition, since HRM exercises specifically affect organization capacity to contend, competency models should be ceaselessly looked into and refreshed. Thomson and Strickland (2004) likewise put building similar abilities and focused capacities as a noteworthy segment of building a proficient firm. They express that creating similar skills
and focused capacities will encourage fantastic methodology usage and that upkeep of an ability/fitness portfolio that is refreshed as system and outside conditions change will ensure that a firm is equipped for viable technique performance.

The main driving force behind the improvement of organizational learning theory is the presumption that firms require a powerful learning capacity in the event that they are to prevail in a mind boggling, aggressive and evolving world (Senge, 1990). Learning is realized as key in the core of an organization's capacity to adjust to a quickly evolving condition, keeping in mind the end goal to distinguish opportunities that others won't not see and to misuse those opportunities quickly and completely (Popper & Lipshitz, 2000). Huber (1991) depicts organizational learning as a procedure through which the scope of potential practices of firms is changed through their formulating of knowledge. The learning procedure includes information procurement that is appropriated and shared among the firm individuals. The shared knowledge will then be given normally comprehended understandings that frame the basis of activities and assessment of results. The firm must follow up on the information coming about because of organizational learning keeping in mind the end goal to acknowledge change in performance.

2.3.3.2 Organizational Actions

Actions on the knowledge may lead to change to organizations, which may include developing and marketing new products, adopting new procedures and entering new markets. A firm focused on learning is probably going to have the more refreshed information and systems. Having the ability to learn, firms can communicate with the outside, take advantage from the environment, its partners, even its competitors, and the most important is that the firm can provide its staff a learning environment. Researchers are keen on approaches to evaluate the firm's learning ability (for instance, Calantone, et al., 2002) and distinctive viewpoints are presented. Learning introduction has been appeared to be decidedly related with the firm imagination and furthermore the firm performance (Calantone, et al., 2002). However, how such ability of the firm affect the person's conduct isn't exactly evident regardless of whether an firm's learning introduction can encourage an imaginative culture to the firm (Calantone, et al., 2002), at that point how may the staff' task performance and organizational commitment might be improved.

Another perspective on transformational leadership outcomes and its components is that by Bennis and Nanus (1986). On his research study outcomes, transformational leaders have a practical and clear vision, shape trust by being dependable and predictable, shape social
characters, and concentrate on their values rather than their shortcomings, and subsequently that shows in their inspiration and viability. Rafferty and Griffin (2004) have recognized five sub-measurements: vision, intellectual stimulation, individual acknowledgment (the affirmation of accomplishments), uplifting correspondence which varies from inspiration since it features the significance of constructive, motivational correspondence and steady leadership.

Hautala (2005) noted after her assessment that transformational leadership outcomes achieved higher effectiveness and results in firms. Recent studies have likewise settled a positive effect of transformational leadership on organizational performance. Transformational leadership is likewise imperative for powerful leadership, leadership performance and creating successful organizational societies. Besides, there is a positive and direct relationship between transformational leadership and leadership development. This relationship is encouraged by inward and outer social capital. This implies colleague relations and outer systems are basic in ensuring that transformational leadership is compelling. Transformational leadership is more powerful if staffs feel that their workplace obliges development and when they are psychologically empowered, they feel equipped and ready to be inventive.

Shin and Zhou (2005) and Jung et al., (2005) established some substantial evidence demonstrating a positive relationship between transformational leadership and organizational imaginativeness. Nevertheless, they questioned whether their outcomes were like those of Shin and Zhou (2003) since the two examples were from collectivist and societies that had a diverse cultures in South Korea and Turkey. However, recent outcomes from Turkey concede to a positive relationship between transformational leadership and individual innovativeness, with psychological enablement as a mediator. In South Africa, inspirational motivation, intellectual stimulation, and contingent rewards were positively correlated with innovative behavior (Sethibe & Steyn 2016), while in Malaysia idealized influence, intellectual stimulation, and individual consideration had a positive correlations with innovation performance, intervened by apparent leadership support.

Finnish culture is significantly more individualistic and less progressive than the nations above and subsequently may offer ascent to different results. Nevertheless, the positive firm is very persuading. The analysis evaluated by idealized influence, intellectual stimulation, and individual consideration had a positive correlations with innovation performance, transformational leadership to emphatically impact creativity, yet that impact worked more
straightforwardly at the organizational level than at the personal level. Wang and Rode (2010:1122) suggested making a creativity supporting atmosphere, as well as sustaining staffs identification with leaders to expand the adequacy of transformational leadership.

Kang, Solomon, and Choi (2015) discovered in their study that other than transformational leadership, the value-based leadership of CEOs is emphatically related with administrators' imaginative conduct in new businesses. According to Rosing (2011), the correct utilization of transformational and value-based practices relies upon the period of the advancement procedure. Certainly it is essential to recall that not all transformational leaders have high aptitudes in intellectual stimulation and in this manner they may show different behaviors in comparison to imagination, or even they are not experienced adequately to apply assorted behaviors.

Transformational leaders can affect, for instance, turnover intentions by inspiring subordinates and motivating them to focus on shared objectives as opposed to building high-quality relationships. This is done by guaranteeing there is no contention between the individual objectives and values of the subordinate and the objective and values of the group or firm. As much as transformational leadership works both ways, the leader should initiate and keep up this relationship and set the tone for the exchange. The leader is required to perceive subordinates' inspirations and consider impacting their future thought processes. Transformational leadership has been found to support trust and commitment in virtual groups however with virtual groups leaders need to modify their conduct as indicated by the circumstance.

The main driving force behind the improvement of organizational learning theory is the presumption that firms require a powerful learning capacity in the event that they are to prevail in a boggling, aggressive and evolving world (Senge, 1990). Learning is realized as key in the core of an organization's capacity to adjust to a quickly evolving condition, keeping in mind the targets to distinguish opportunities that others won't not see and to misuse those opportunities quickly and completely (Popper & Lipshitz, 2000). Huber (1991) depicts organizational learning as a procedure through which the scope of potential practices of firms is changed through their preparing of information. The learning procedure includes knowledge attainment which is appropriated and shared among the firm members. The firm must follow up on the information coming about because of organizational learning targeting the end goal to achieve change in performance.
Creating transformational leadership, particularly intellectual stimulation, has been portrayed to enhance subordinates' view of leaders' leadership practices, subordinates' own commitment regarding the firm, and a few parts of financial performance” (Barling, Weber, & Kelloway 1996: 831). In healthcare, intellectual stimulation has been observed to be the urgent facilitator in guaranteeing that a leader's respectability and public correspondence prompted staff strengthening, which for this situation was essential for expanding patient health. When studying the impact of intellectual stimulation on understudies' inherent inspiration. It was the intellectual stimulation conduct instead of interactive style and support of independent thinking that accounted for the improvement.

It has been observed to be cause in stimulating inventive behaviors at the individual level. Distinctive systems ought to be used when individual or group level creativeness is the objective, albeit individual's level transformational leadership was found to build individual’s advancement in group (Yahaya & Ebrahim, 2016). On the likelihood that the individual level inventiveness is foreseen, at that point the leader ought to decrease group objective and interdependency.

2.3.3.2 Innovation

Herrmann and Felfe (2014) established that that support, especially intellectual stimulation, upgrades people's inventive results. Nonetheless reassuring people to scrutinize every one of their presumptions, inventiveness is enhanced at the individual level when the motivation is worked by setting testing work targets, giving improvement advanced training and developmental feedback. In one study Sosik et al., (2015), transformational leaders were observed to be most cause at urging individuals to make original ideas and elaborate solutions further, as opposed to creating bunches of thoughts and answers for issues. This shows they realized quality as opposed to amount.

Transformational practices are considerably more immediate and compelling on imagination and ingenuity than just having, for instance, a steady atmosphere, which might be excessively indifferent. Bass and Riggio (2006) condensed the way that transformational leaders impact imagination. They first concentrate on expanding natural inspiration and after that urge adherents to think "outside of the box". This has increased experimental support likewise in Finland.
The Microfinance sector is not safeguarded from the unceasing changes that define the environment in which they operate (Trautmann et al., 2007). Accountability is demanded of all in leadership starting with the board of directors to the heads of institutions. Leaders have to increasingly make decisions that are quick, loaded with possible repercussions given the era of litigious and heavily enlightened communities who demand nothing but excellence from microfinance institutions.

They operate in societies where access to information is high and movement of staff across institutions is rampant. The increased change in the environment, coupled with scrutiny and customer demand has made it more urgent for Microfinance institution to urgently seek leadership that would incorporate and synthesize a lot of information, create new ways and approaches to business (Bichanga & Aseyo, 2013). Leadership and its development has been seen to take precedence calling for investments in literatures, publications trainings and seminars whose focus is to build leaders who can support organizations cope with dynamism and change.

In a subjective contextual analysis, Transformational leaders need to anticipate that their subordinates will be innovative (Qu, Janssen & Shi 2015). A MFI with solid leadership is one that has a board with the freedom and researcher to guarantee that the institution works soundly and viably, that is, it is commercially maintainable and it accomplishes its goals. Independence implies that the board is free of irreconcilable circumstances (for instance, leaders who are suppliers to the MFI or reliant on the support of the director, or investors who need quick returns) and can make its own particular judgments about what is best for the business. Authority implies that the board is made out of people who have the knowledge and performance regarding regulate and manage the official, to set arrangement and guarantee that it is followed.

A MFI with feeble leadership is probably going to have leaders who do not have the freedom and capability to make their own particular judgments, or a board which is ruled by few people who have uncommon interests or which can't control the executive (Eisenbeiß & Boerner, 2013). A strong board will probably sustain a positive culture in an organization; similarly as a powerless one will energize poor practices and a dismissal for method and techniques. Discovering great individuals to go on boards is not easy, even in the most developed economies (Bichanga & Aseyo, 2013). Leaders should be proficient, autonomous disapproved, quick to challenge and investigate, and resolute by strong officials and
muddled plans of action. They likewise need the accomplishment of the firm on the most fundamental level and be great diplomats out there.

Various outcomes have been exhibited on whether transformational leadership is the style that ought to be connected to improve staff or group imagination and imaginativeness. This deduces certain conditions should be satisfied before transformational leadership can be successful think about proposed that there was no relationship, and that transformational leadership may even negatively affect inventiveness; the study recommended that offbeat, amazing practices with respect to leaders are more useful. Basu and Green (1997) proposed that their startling outcomes may have happened in light of the fact that an appealing style might be excessively scary and cause worry for subordinates.

2.3.4 Staff Satisfaction and Performance

2.3.4.1 Staff Support

Hatane (2015) conducted a study on employee satisfaction and performance as intervening variables of staff support on financial performance. This study was conducted in 33 manufacturing companies and 34 non-manufacturing company in Surabaya, as the second biggest city in Indonesia. By using partial least square statistic, this study found that employee satisfaction and employee performance are able to positively intervene in the relationship of the learning organization to financial performance.

Bin (2015) conducted a study to examine what contributes to a satisfied employee by examining a number of factors such as job fit, good communication, appreciation and clear objectives. The study will also look at the roles of the organization and individual in employee satisfaction. Job performance, another key success factor for organizations, will also be examined. The link between employee satisfaction and performance findings will be illuminated and related examples of what can be done to improve both variables will be provided. Finally, this study discusses employee engagement which combines the above topics and much more including definitions, organizational success, and how to develop a successful employee engagement program. This study will also provide compelling information that will help to understand the advantages of having satisfied and high performing employees as well as using the power of employee engagement to be competitive and profitable.

Bakotić (2016) conducted a study to explore the link between job satisfaction and organizational performance and to determine if there is an empirically provable relationship
between these two variables, and the direction and the intensity of this relationship. Empirical research was conducted on a research sample of 40 large- and medium-sized Croatian companies, with 5806 employees surveyed. The results of this study show the existence of a clear link between employees’ job satisfaction and organizational performance in both directions, but with weak intensity. Detailed analysis showed that the connection between job satisfaction and organizational performance is stronger than the connection between organizational performance and job satisfaction. It could be stated that job satisfaction determines organizational performance, rather than organizational performance determining job satisfaction.

Nur, Dahie and Osman (2015) conducted study to identify the impact of employee satisfaction on organizational performance from higher education centers in Mogadishu, Somalia. The researchers utilized convenient sampling to collect 80 questionnaires from four Universities in Mogadishu, Somalia. Employees of these Universities were provided a questionnaire with four main construct which measuring reward, autonomy, social benefit and organizational performance. However, using correlation coefficient, the study found that organizational performance (Dependent variable) had significant positive influence with three independent variables namely, reward, autonomy and social benefit. In addition, the result of regression analysis found that three constructs had statistically momentous, affirmative, and straight effects on the organizational performance.

Latif, et al., (2013) conducted a study on the impact of employee’s job satisfaction on organizational performance. Data was collected through conducting detailed field survey using questionnaires from different employee (exit interview of outgoing employees) groups like management, senior managers, managers, professionals and support staff from five profit/non-profit sector organizations. The data analysis shows that there exists positive correlation between job satisfaction and organizational performance.

Robins (2010) observed that job satisfaction was related to feelings that one had on the job. These feelings determine how much a person dedicates to work. Performance at work depends not only on the presence at work but the level of engagement (Guay 2013) and as Huay et al., (2009) indicate job satisfaction determine the level of absenteeism, the motivation towards grievance expression and tardiness. The level of morale determines the turnover levels as well as quality at work. This can be related to Kerry’s followership model that explains the alienated followers, sheep, survivors and the active followers based on the level of action and critical thinking.
Huay et al., (2009) found a high correlation between job satisfaction and performance. This agrees with Jordan (2011) who looking at emotional intelligence and job satisfaction felt performance in organizations to relate positively with job satisfaction. Powell (2011) in a study of nonprofit institutions found that the more satisfied a firm staffs are the more likely that they are going to be innovative and the higher the institution will be able to meet their goals.

In a study on leader level motivating language which Mayfield and Mayfield (2010) undertook, they found out that leadership model and the dyadic relationship that exist between a leader and the follower determine the satisfaction levels and have positive relationship with staffs outcomes. This is corresponded by a study conducted by (Hu et al., 2010) which sought to find influence of transformational leadership on Job satisfaction. They argued that transformational leadership does bring about group maintenance and yield complement among group members and thus brings about unity of purpose that goes a long way to enhance job performance and satisfaction. This brings a question, which affect the kind of relationship that exist. Does job satisfaction yield performance or does performance brings about job satisfaction? Mayfield and Mayfield (2010) tends to see job satisfaction more of a moderating factor towards performance. There thus exists a gap in finding out the direction of this relationship which this study seeks to unveil.

2.3.4.2 Staff Appreciation

Janssen, (2001) stated that work satisfaction and appreciation is characterized as how a staff of a firm feels about and respects work. These emotions might be sure or negative, more positive sentiments mean staff's level of organizational satisfaction is high. As such positive feelings of a staff towards work environment additionally characterize work satisfaction.

Locke, (1976) perceived there a positive relationship between work attributes and the need of people. There is additionally regular assertion among researchers that Maslow theory of needs likewise characterizes this relationship between work values and the individual needs.

Luthans (1998) indicated that work satisfaction has three measurements to be specific occupation satisfaction can be measured by evaluating how well results meet desires, work satisfaction identifies with enthusiastic reaction of a staff to an occupation circumstance and organizational satisfaction can be resolved through a few occupation related states of mind.

Choo and Bowley (2007) indicated that satisfaction and staff performance are interrelated with each other and satisfaction is the resultant of occupation performance. Khan (2012) investigated work satisfaction on staff and performance and discovered the way that work
satisfaction gives push to better performance to staffs. The structure of performance leadership additionally weights on staff work satisfaction. Organizational satisfaction is to create positive feeling among staff about their occupation. More noteworthy occupation satisfaction assembles more positive feelings in the mind of staff about their work. Luthans (2006) determined that work satisfaction makes positive enthusiastic emotions that outcome from work assessment. Nasaradin (2001) expressed that the work satisfaction may be charming or the positive passionate state, which is resultant from evaluation of one's work or occupation encounter.

The characteristic and extraneous satisfactions give internal business advantage (Yang, 2012) and as indicated by Zhout et al., (2008) work satisfaction has a critical firm with return on Assets. They contend that fulfilled staffs are gainful in their organization, they have a strong sentiment investment and contribution, and this hoists the objectives and conduct to abnormal states. Organizational satisfaction has been contemplated against organizational atmosphere with conduct coming about as a mediator (Amzat 2012; Siddique 2011) yet consistency has been found on positive relationship amongst satisfaction and performance all through.

Leader viability and satisfaction has been subject of study adequacy corresponding very with satisfaction, (Sun & Leithwood, 2015) found out that satisfaction with a leaders involves observations and this relies upon the groups the devotee has on the leader which is individual in nature. This along these lines brings a complexity where distinctive leaders get diverse effects on individual’s staff and this being normal, a few individuals will be fulfilled and others unsatisfied at any given time. This entangles the variable of organizational satisfaction as a measure of performance.

Transformational leadership can be enhanced by group-based leadership preparing or guiding established that on subordinate input. A few organization should be thought amid the preparation to debilitate negative results. Leaders announced higher transformational leadership just when they additionally experienced constructive effect that is, encountering constructive feelings for instance in respects of self-learning, perfect self, and individual vision (Mason, Griffin & Parker 2014).

Bommer, Rubin, and Baldwin (2004: 196), it is yet misty with reference to why a few people utilize transformational practices while others do not. At first, Bass (1985) composed that transformational leaders have high self-assurance and are typically vivacious, dynamic, and self-beginning. He moreover conjectured that they were contemplative and astute, not
really agreeable and benevolent. Precursors may likewise include leadership structures, ecological conditions, social and social situations, and early life and adulthood encounters however, the accentuation in this exposition is on the individual level antecedents.

Transformational leadership is a process theory that involves the subordinate, who has also a large impact on the leader. It is a give-give relationship in its best form, but unfortunately, past studies have mainly focused on leaders (Carless, 1998). Gender and leadership level have been found to affect what is seen as viable leadership and that subordinates identities' influence what sort of leadership prospects they have and realize (Hautala 2005). Subordinates' attributes impact how transformational leadership is seen. For instance, extraverted subordinates considered their leaders more transformational than did introverted subordinates.

2.3.4.3 Staff Development

Ehrhart and Klein (2001) established that subordinates who evaluated alluring leaders emphatically named them as creative, open-minded, innovative, daring, committed, energized, team-oriented, accomplished, and empowering, while the ones who rated them poorly described them as overbearing, over-enthusiastic, innovative, ambitious, zealous, and arrogant. They found that half of the respondents' favored relationship-oriented leaders, while 30% picked charming leaders, and 20% favored task orientated leaders. Subordinates who favored relationship-arranged leaders valued out of the extrinsic rewards, while subordinates who favored charming leadership valued interest. In addition, women and extraverted individuals pick transformational leadership more than introverted individuals do.

Prawirosentoso (2000) expressed that performance is effect of work in a satisfactory way with considerable commitment regarding firm without meddling in any law and organizational objectives. Mangkunegara (2005) says that performance of staff is the work outcome in magnificence and the amount that proficient by someone in coordinating his/her work commitments. The leadership of inventive individuals is requesting, since the standard strategies and structures do not work, and the outcomes are unverifiable. Dharma (1991) imagined that the performance is somewhat that which is readied, or items formed and introduced by a bunch of individuals. Robbins (2001) determined that when staff feels upbeat about business related undertakings then his performance is enhanced and he/she performs tasks in better way. Brandt, Krawczyk and Kalinowski (2008) expressed that there is a contradiction between staff individual life and performance. Imagination is not simple,
in light of the fact that a man must will to be subjected to powerlessness and to uncover individual emotions and thoughts (Koivunen, 2015) in a business domain with a hidden rationale ordinarily in light of earnestness and objectivity.

Stephen (1992) depicts that staff commitment is just a single of various perspectives influencing performance, however unquestionably is a key factor. He portrays commitment as an attitude that develops from a process called identification, and happens when one encounters somebody, something or some thought as an improvement of oneself. While numerous studies on performance treats it for the most part in relations to recognizable identification with firm, concerning its central goal, values and objectives on the other hand, he emphasizes on three-dimensional discernment including identity with the work itself and with co employees. He is certain that these are correspondingly high since they can have influential outcomes on staff performance.

As basis of his study he makes a cooperative perfect that suggest great organization strategies prompt an operational motivation framework and staff commitment, an employee is remunerate framework impacts in enhanced employee commitment and staff performance, Staff performance brings about enhanced staff performance Akeel and Indra, (2013). As a result of the research in two organizations, whose 418 and 430 staff, individually, he established a high relationship between staff performance rankings and commitment rankings in all groupings, and also the relationship amongst performance and performance for leaders and operational staff engaged freely was noteworthy in all groupings. The higher the sense of commitment regarding work, collaborator, and firm, the higher the level of performance (Abdalla, 2010).

To evaluate how one can lead inventive and creative staff, one is expected to comprehend what sort of process is being referred to, what sort of individuals is being referred to, and how a leader can influence the procedure and people. It has been discovered that the quantity of developments may rise when inventiveness is maintained and empowered in a firm, and even people who do not have the common take to be innovative may wind up noticeably imaginative. Nonetheless, offering the correct levels of support, leaders should likewise show sound firms with their staffs (Shalley & Gilson 2004). Premier, inventiveness or imaginativeness ought to be recognized and tasks distributed in like manner, after which those people, ought to have the resources and flexibility for trial, with the sufficient support and regard of their leader.
To increase organizational creativity, managers should have the ability and will to ensure that subordinates work in a positive atmosphere and mood, which calls for relationship-building skills. In their analysis, Denti and Hiemlin (2012) found out that leaders and their staff can practice their inventions suitably in firms that support inventiveness. Resources and opportunity are not as imperative as organizational variables, for example, challenge, leadership consolation, leadership obstacles, supervisory consolation, work aggregate backings.

2.3.5 New Entrants and Performance

2.3.5.1 New Management Styles

New entrants describe market participants that have recently entered a market or industry sector. According to Porter’s (1980), new entrants are one of the forces that shape the competitive structure of an industry. Thus, Porters new entrants’ definition revolutionized the way people look at competition in an industry.

Enz, Canina and Palacios-Marques (2013) conducted a study on the relationship between new venture entry mode and firm performance. Data from new hotels entering the United Kingdom for the period 2006-2010 was used to explore how entry mode (i.e., franchised or independent) impacts post-entry firm performance. Controlling for market demand and market segments, this study found that affiliation with a franchise made it easier for new owners to ramp up revenues in the first six months if the service had a high level of operational complexity (e.g., full-service hotels). After this initial benefit period, no significant performance benefit accrued to branded frill-service hotels. In contrast, hotels that offered less complex services obtained higher levels of performance when relying on independent status vs. brand affiliation between six and twenty-four months after entry. Implications of the results are offered in the context of determining the value of explicit versus tacit knowledge obtained from external sources versus going it alone as an entrepreneur.

Qiu and Melbourne (2015) conducted a study entry strategy and performance: an empirical study of foreign companies’ entries in China. The Chinese market has become highly attractive for international business in recent years. This study focuses on entry strategies and performance associated with firm characteristics in the context of the Chinese market environment. Data collection has been carried out through mail questionnaires in Australia and personal survey interviews in China. The respondents are managers of Australian and other foreign companies that have undertaken business with China.
Green, Barclay and Ryans (2015), upheld the consideration of three entry dimensions (i.e. timing of entry, magnitude of investment, area of competitive emphasis) and performance. In the past analysis, most researchers concentrated on single system segments (more often than not on section request or entry mode). The relationship between numerous entry methodology segments and performance needs advance study. Similarly, there are few studies on the entry procedure and performance setting, which incorporate inner variables (firm values and item attributes), outside elements (market condition), entry strategy decision, and performance. Moreover, the most generally used measures of performance are market share and productivity. A composite measure or a blend of a few values (piece of the overall industry, gainfulness, commitment, rate of return, and profit for deals) may display a better picture of export performance.

Generally, banks have not conceded monetary leaderships to customers with next to zero income. Banks must incur substantial costs to manage a client account, regardless of how small the sums of money involved (Bushra, Ahmad & Naveed, 2011). Nevertheless, the fixed cost of processing loans of any size is considerable: assessment of potential borrowers, their repayment prospects and security: administration of outstanding loans, collecting from delinquent borrowers and so on. There is a break-even point in providing loans or deposits below which banks lose money on each transaction they make. In addition, most poor people have few assets that can be secured by a bank as collateral (Riaz, Akram & Ijaz, 2011). It is likewise engrained in an expanding awareness of positive variety of the monetary leadership needs of the world's poorest individuals, and the different settings in which they work and live.

These leaderships can likewise be expensive and the decision of money related items constrained and could have a here and now. Casual leaderships that involve funds are likewise risky and many individuals could lose their cash (Amin, Shah & Tatlah, 2013). These incorporate credit unions, self-improvement groups, and an assortment of mixture firms like budgetary leadership affiliations and CVECAs. Like their casual cousins, they are for the most part nearby and little, which implies they approach great learning about each other's' budgetary environment and can give accommodation and adaptability (Anjali & Anand, 2015). Since destitute individuals oversee them, their expenses of operation are generally low.

However, these suppliers may have minimal budgetary ability and could keep running into inconvenience when the economy turns down or their operations create many-sided quality.
Unless they are usefully controlled and directed, a couple powerful leaders can over control them, and the individuals can lose their cash. They have ended up being extremely creative, spearheading saving money practices like portable saving money, village banking and mobile banking that have overcome barriers to serving poor populations (Amirul & Daud, 2012).

Mansfield (2012) expressed that informed potential business visionaries should hold up outside the market, and the anticipated level of benefit is viewed as the trigger factor deciding entry, once boundaries to section have been viewed. As indicated by later studies in this flood of literature, new miniaturized scale fund firm development might be activated by benefit prospects, as well as by great financial conditions. Monetary development and high inventive potential encourage new business. This may be prevented by both exogenous and endogenous obstructions to entry and therefore disparaging the elements behind the businessperson’s inspiration in beginning another business. After their commitments, we know that essential individual determinants may go about as the push factors and be connected both to ecological values and to the potential founder’s close to personal attributes.

For instance, the particular local market plays a key part since the high enormous share of new founders which are around 66% originated from the same geographical area and a similar sector in which they were already used the others being youngsters at their first profession encounter, previously ceased entrepreneurs and founders moving from an outside region. Individuals beginning new micro finance firm in a similar sector and same region where they were previously employed are more likely to be portrayed by a better comprehension of micro finance firm organization in that specific sector and of the inner and ‘relational’ features of the business environment in which the new micro finance firm will operate (Story, 2004).

2.3.5.2 New Technology

Michelacci and Silva (2005) observed that the part of business visionaries who begin their organizations with technological advancements was raised was significantly higher than the relating share for subordinate researchers. More essentially that smaller scale back firms made by local people were greater, more valuable, more important and preferable financed over their partners made by non-local people. The creators deciphered their discoveries by belligerence that neighborhood business people can all things considered better utilize the
monetary and budgetary opportunities existing in the locale where they were conceived. In this specific circumstance, new miniaturized scale fund firm foundation can be shown as an independent work decision in light of the correlation between the wages earned in the past work and the expected benefit as a business visionary.

In spite of the course book approach, self-employment theory the foundation of a new micro finance firm is therefore not fostered by absolute profitability, but rather by the contrast between expected benefits and current local wages in the same sector on the one hand. Other determinants are the degree of risk aversion and the differences in risk of the two occupational alternatives on the other. This implies that entry may have a counter-recurrent factor and may well be actuated by present renewal and declining genuine wages to some degree than by light request desires and a proper dedication of entrepreneurial capacities (Hamilton, 2011). For instance, Foti and Vivarelli (2004) found a smaller scale fund arrangement of the independent work demonstrate showing that entry rates were fundamentally associated with the wage gap between expected benefits and current wages. Likewise, making another smaller scale fund firm might be a contrasting option to unpredictable future career prospects or even an “escape from unemployment”.

Audretsch and Vivarelli (2005 & 2006a) established that occupational hardships are an imperative push factor in inducing new smaller scale back firm development at the regional level (together with different factors, for example, the local existing structure and the presence of agglomeration and external economies). While unemployment is not really the primary driver of new smaller scale back firm arrangement, it routinely has an impact, which for specific countries has appeared to be especially significant in the midst of financial downturns. For instance, toward the end of the '90s, in the UK the event of individuals starting a micro finance firm not because of a market opportunity but just because they had no better choice was about 22%.

In past analysis by one of the creators by utilization of using distinctive Italian datasets, the condition of actual unemployment or an expected state of unemployment was surely not a crucial motivating force in affecting the choice to begin another business (Hamilton, 2011). However, albeit somewhat low in the normal rankings, the inspiration escape from joblessness showed up as being modestly fundamental in around 15-20% of the inspected cases. Essentially, unemployment has been observed to be a standout amongst the most critical components of dormant enterprise in the abating Japanese economy of the second 50% of the '90s (Masuda, 2006).
Thus, entry might be determined by an arrangement of different components among which one can locate some dynamic determinants, for example, ideal monetary points of view and promising technological opportunities, yet in addition regressive determinants, for example, low wages and the real state of being jobless. Furthermore, authors vary as to work experience, family tradition, financial status, age, gender, education, motivations (Aunjum, Abbas & Sajid, 2017). For example, the organizer of another smaller scale fund firm is enormously impacted by his/her own experience, with certain reference to his/her past work encounter. Among the individual values of the organizer, family institution is likewise singled out as a key factor by econometric values which clarify new smaller scale back firm arrangement as a demonstration of independent work. For example, in an exceptionally late paper Burke, FitzRoy and Nolan (2006) examined a partner of British people conceived in March 1958, finding that independently employed fathers and in addition, fathers who are directors of little smaller scale fund firms tend to move business enterprise among their children.

A critical stream of literature has investigated the effect of monetary limitations on business new companies, for the most part bringing the training presented by Fazzari, Hubbard and Petersen (2011) in their original study on the impact of income on venture into the zone of independent company financial matters. For example, Evans and Jovanovic (2011) established that that the preparatory level of benefits seriously affects the likelihood of independent work. Additionally contemplates have analyzed the likelihood of change to independent work after an unpredicted monetary profit, for example, a benefit pick up, a lottery prize, or a vocation reward. Strikingly, these analyses perpetually found that the exogenous entry of new financial resources enhanced the likelihood of beginning up an organization. However, the way that wealth, resources and benefit pick up stimulate enterprise does not naturally propose that business new companies are necessarily credit rationed.

Organizational entrance into the market has constantly been an imperative attitudinal measure of staff expectations and conduct (Becker and McCall, 1990; Mowday et al., 1982). The outcomes of organizational entrance incorporate occupation efficiency, maintenance and participation (McNeese-Smith, 1995; Zangaro, 2001). Research proposes that staffs that show leadership entrance are more joyful at their work, dedicate less time far from their occupations, and are less likely to leave the firm. Consequently, if a staff is ethically dedicated to a firm, the accompanying can be normal: enhanced probability of
holding, strong presence, and enhanced yield. It can, in this manner, be recommended that the committed staff will achieve better to the uncommitted staff.

On the other hand, considers show that organization performance is ceaselessly disposed by two elements, specifically, individual angles including staff's sex, age, residency, and staff's instruction. Circumstance highlights, for example, work trademark organizational values. Among these angles, the work of organization entrance is dependably emphatically related with leadership performance.

Different studies demonstrate that non-financial elements may in the long run turn out to be significantly more vital than factors, for example, benefit desires, neighborhood work, section hindrances, and capital markets. For example, the potential businessperson shows to be seriously impacted by specific psychological behaviors like the goal to be free, the want to be socially supportive and to secure enhanced societal position, the look for self-sufficiency in the work environment, yearning to full abuse of past organizational encounter and procured capacity (Calantone, et al., 2002). Activities on the learning may prompt an adjustment in firms, which may include marketing and growing new items, receiving new procedures and entering new markets. A firm focused on learning is probably going to have the more refreshed information and systems. Having the ability to learn, development firms can speak with the outside, and exploit from the earth, its accomplices, even its rivals, and the most critical is that the firm can give its staff a learning domain. Researchers are keen on approaches to evaluate the firm's learning ability (for instance, Appelbaum & Walter, 1997), and distinctive viewpoints are presented.

Learning impacts the sort of data is collected (Dixon, 1992) and how it is comprehend (Argyris & Schon, 1978), assess (Sinkular, et al., 1997), and shared (Moorman and Miner, 1998). Learning introduction has been appeared to be decidedly related with the firm imagination and furthermore the firm performance (Calantone, et al., 2002). However, how such ability of the firm affect the person's conduct isn't exactly evident, i.e., regardless of whether an firm's learning introduction can encourage an imaginative culture to the firm (Calantone, et al., 2002), at that point how may the staff task performance and organizational commitment might be improved.

Concerning social standing, business as an indication of independence and independence has been customarily incredibly realized in the U.S. yet it is increasingly cherished in European nations too, including the ex-comrade countries. Survey analysis steered by one of the creators (Vivarelli & Audretsch, 2009) perpetually demonstrate that the interest for
autonomy and the want to completely abuse his/her own abilities are positioned first among the determinants of new miniaturized scale fund firm arrangement. On the other hand, course book determinants, for example, benefit desires and the look for a market gap end up being basic, yet positioned in the individual inspirations. Interestingly, advancement is continually falling behind with a minority of micro finance institutions (around 15-20%) connoting the want to present item and additionally process development as a principal intention to begin another autonomous financial action. Thus, the general rate of new miniaturized scale fund firm arrangement is really a total measure which positions together exceptionally heterogeneous endeavors portrayed by various inspirations and the odds of survival.

The econometric proposal at the sectoral and microeconomic levels is exceptionally reliable with this result: studies on various nations and distinctive parts demonstrate that over half of new miniaturized scale fund firms leave the market inside the initial five years of entrance (Camerer & Lovallo, 2010). Since new small scale back firms are established both on dynamic and reluctant push components and business people are exceptionally assorted when their inclination for advancement, inspirations, and capacities are concerned, some new activities continue and develop, while others are liable to a rotating entryway system.

Consistent with this confirmation, one may conjecture that a portion of the exploratory sections are fundamentally because of entry botches (Cabral, 2007; Geroski & Mazzucato, 2001), subsequently causing turbulence, while a genuine relocation substitution impact can be distinguished just in a minority of cases. While section botches struggle with a conventional approach in which potential participants are constrained by discerning desires in light of expected benefits, they can be seen more effectively when limited and procedural judgement is accepted (Simon, 1982; Dosi & Egidi, 2001, Heiner, 1983). As needs be, potential business people may likewise be influenced by carelessness, producing overabundance of entry, which from that point prompts baby mortality and entrepreneurial disappoint for a trial financial aspects work out.

Parker (2006) examines both the mind science literature that gives clarifications for anticipating that business people should be especially inclined to unreasonable over-good faith and past exact confirmation demonstrating that hopefulness is fundamentally and decidedly connected with the propensity to be a business visionary. In the event that one thinks about the mental states of mind as specified (dread of getting to be noticeably jobless, want to be free, disappointment in past occupation) section mix-ups and abundance entry
can be additionally advocated. Frankly, the observed event of these section botches proposes a sort of attitude which can be characterized as an attempt and wager. Regardless, some hypothetical models of entry particularly those proposed by Hopenhayn (2003) and Jovanovic (1982) figured out how to consolidate augmenting conduct with the event of section botches which can later be identified by balanced learning forms.

A complete correlation of various hypotheses of business enterprise is past the extension (Endres & Woods, 2006). It is adequate to state that section botches are unfathomable inside the neoclassical theory of entry where potential business people have a similar access to a similar knowledge and innovation and are dependably maximizers. Interestingly, entry botches are possible inside the Austrian approach (Kirzner, 1973 & 2005) where benefit prospects are not prone to be perceived by all the potential business visionaries, yet just by the educated ones that can perceive inactive, ignored opportunities.

Section botches are consistently endoginized inside the behavioral structure, where the potential business visionary is enriched with a common human personality depicted by a data set and a subjective capacity significantly not the same as those inferable from an advancing business visionary (Simon, 1987, p. 267. This view categorically determined by an individual look for self-rule and organizational satisfaction. As needs be, showcase agitating, turbulence and early disappointment ought to be pondered as typical highlights of progression or even a fundamental cost to pay with a specific end goal to permit thought of new innovative and entrepreneurial prospects (Dosi & Lovallo, 2009). Entry botches and early disappointments at the microeconomic level might be steady with expanding social advantage at the overall level.

All in all, the Schumpeterian theory of innovative decimation and the substitution of old, undeforming miniaturized scale back firms by new and imaginative ones has been gone up against by the theory and the proof for the stirring theory of entryway mistakes and uncertainty (Manjón & Antolín, 2004). These discoveries prompted the reasoning that various heterogeneous entry forms are all the while affecting everything in the economy and further that genuine business people presenting about advancement and financial development ought to be striking from spinning entryway miniaturized scale back firms causing early disappointments, sub-optimality, and problematic and brief organizational creation.

Together with this grand heterogeneity as respects individual’s initiators, sectoral assortment ought to likewise be painstakingly considered. In reality, examples of entry may
shift in various present areas both as to the heaviness of rotating entryway small-scale back firms. Entrance blunders ought to be less intermittent in segments portrayed by higher sunk costs (Audretsch, Santarelli & Vivarelli, 2010; Cabral 2005 & 2007) and concerning the similar noteworthiness of the diverse determinants of a miniaturized scale fund firm's establishment. For instance, a dynamic creative fitness might be principal in advancement of entry in the science-based fields, yet not all that essential in conventional assembling and low-tech benefit sectors. The presence of substantively unique geological situations additionally increases the variability in the determinants and post-entry impact of new small-scale fund firm development. The hypothetical and experimental literature in territorial financial aspects focuses to the significance of dynamic and regressive factors.

On a similar ground, a neighborhood economy made principally out of little measured miniaturized scale back firms may go about as a hatchery of new business people yet could well additionally cause undue entry, turbulence and early disappointments. To the extent the dynamic and privately limited elements of new smaller scale fund firm arrangement are concerned, fascinating improvements in the literature point to the presence of nearby overflows of non-tradable information (Sutton, 2001 & 2007). In this view, the attainable quality of a pool of researchers with industry-particular capacities that speak to abnormal state human capital and enlightening overflows are an important support for bunched new businesses, rather than separated makers. Small-scale back firm arrangement especially in innovative segments is therefore speculated as being provoked by industry thickness and present specialization.

2.2.5.3 Poaching of Staff

Different determinants including financial development and information overflows from one viewpoint, staff poaching and rebuilding of neighborhood organizations on the other, may assume contrary measures in favoring the start-up of either encouraging accomplishments or rotating entryway smaller scale back firms. Similarly, since new micro finance firm development is where leaders and escapers from joblessness, experienced and committed initiators, over-positive thinkers, normal business visionaries, and attempt and see speculators are completely turned inside out together, post-section performance of infant small scale fund firms may fluctuate fundamentally (Santarelli & Vivarelli, 2002).

Subsequently, the observed positive macroeconomic effect is influenced by a compositional result that must be considered. Because of this determination, a dialog of the post-entry development of new smaller scale fund firms is justified. For instance, some of these studies
have uncovered a positive relationship between startup size and survival. Others have uncovered a negative relationship between start-up size and post-section development, therefore dismissing Gibrat's Law.

Conversely, smaller participants with a problematic size are at incredible risk of early disappointment and therefore they should create for survival the stern market choice in operation. From an exact viewpoint, this therefore implies littler participants should be portrayed by both higher disappointment rates and higher development rates (restrictive on survival), as uncovered in the before referred to contemplates. However, entry measure does not always happen as a positive indicator of survival. For example, in a few studies David (Audretsch, Santarelli & Vivarelli, 2010a & 2010b), established that that start-up measure was emphatically connected with survival in nine modern parts out of thirteen and barely critical (90% of certainty) just in three segments. By a similar exhibit, in a prior report by one of the initiators managing the post-entry performance of new-conceived small-scale back firms in the budgetary intermediation controls, it was discovered that in neighborhood showcases in which expansive scale tenants have a bigger piece of the overall industry. The likelihood of survival of new contestants’ slants when all is said in done to be lower, paying little heed to their underlying size (Santarelli, 2000).

Remarkably, credit restrictions and lacking money related capital all in all should restrain both the odds of survival and the rate of development of infant miniaturized scale fund firms in concurrence with the observational literature giving evidence that littler small scale back firms are fiscally repressed by correlation with their bigger partners (Binks & Ennew, 2006). Nevertheless, other previous analysis have shown that the part of credit proportioning has been to some degree over-accentuated and that entrepreneurial sparing plans might have the capacity to abrogate getting restrictions. The risk of exaggerating the discouraging part of credit requirements is especially more noteworthy in survey studies where early or infant business visionaries are requested to list their principle challenges in beginning another smaller scale back firm. They have the liberal slant to show the deficiency of outer budgetary support as the primary driver of their troubles, while much of the time this is only an indicator of more essential inadequacies inward to the miniaturized scale fund firm (Fagiolo & Luzzi, 2006).

It has additionally been shown that training and human capital have a basic part in building up the odds of survival of new smaller scale fund firms and in refining post section financial performance. Specifically, particular instead of nonspecific instruction and aptitudes
(Becker, 1964) are upgraded an indicators of enhanced post-section performance, particularly to the extent. In this unique situation, specificity alludes to training in monetary/administrative and specialized/logical fields and to past work involvement in specialized and business works inside a similar industry.

As measured by Lazear, (2004 & 2005), a person who is well able in an assortment of fields, a purported Jack-of-all trades, would have a more prominent likelihood of turning into a business visionary, as business people need to oversee different individuals and obligations thus they must be well familiar with an assortment of abilities. As an outcome, this theory likewise predicts that beginning business people should design a human capital venture approach which is all around adjusted through different skills and ability. Surely using cross sectional studies both Lazear (2005) and Wagner (2003) found that understudies who progressed toward becoming business people had contemplated a significantly more changed educational programs than the individuals who wound up working for others.

All in all, these researchers have then arrived at the decision that development of an adjusted ability blend (that is general human capital) causally includes business enterprise or more the normal post-section performance (Åstebro, 2005). In the first place, the individual inconspicuous values may positively at the same time influence both word related decision and expertise aggregation, i.e. people inalienably knowledgeable in an assorted variety of fields would have the allurement both to aggregate more adjusted aptitudes and to wind up business visionaries. On the likelihood that such is the situation, no causal relationship would be detectable between the spread of learning crosswise over various fields and the decision to wind up plainly a business innovation.

Silva (2006) using longitudinal data on family units established that a "Handyman" attitude considerably affected the likelihood of being a businessperson in a cross segment structure, while no noteworthy relationship was obvious in a reasonable settled impacts board analysis. This discovering contrasts with those from Lazear (2005) and Wagner (2003) and proposes that undetectable might drive spurious cross-sectional outcomes. (Åstebro, 2005) can draw conclusions that are much more striking based on a work. As indicated by this creator, if business people tend to be generalist while employees have a tendency to be master, this outcome may well be a result of a desire for assortment. Both the decision of enterprise and the inclination for a general and broad instruction/experience might be constrained by a preference for changeability and not by an implied improvement of the human capital theory (as in Lazear, 2004 and 2005).
Astebro (2005) using an example of 5,008 Canadian creators discovered persuading proof that business people have a more various instructive and expert foundation, yet in addition that this decent variety negatively affects their pay. People picking assorted variety would have a more extensive instructive foundation, a more shifted proficient foundation, a more prominent probability of being a businessperson and at last an underneath the-normal post-entry performance. All in all, a business person's unavoidable inclination for general training and a high number of past occupations encounters turns into an indicator of more terrible post-entry performance. This outcome supports us to remember the far-reaching apothegm: "Handyman who is the ace of none". Different works have endeavored to single out whether the ex-risk individual attributes of the organizer might be as "indicators" of better than expected post-section performance. For instance—and according to the dialog set forward in the past segment - if the basic inspiration to begin another smaller scale back firm is expressly connected to imaginative activities, at that point better post-section performance might be normal than if another miniaturized scale fund firm is begun based on an absolutely "protective" inspiration.

Vivarelli and Audretsch (2009) established that that an inventive proclivity was a positive indicator of better post-section performance concerning financial returns, send out development, and work development, though the inverse was valid for the guarded escape from joblessness inspiration. By a similar exhibit, Arrighetti and Vivarelli (2010), in the wake of relating a factor study on an example of 147 spin-offs, established that creative elements were fundamentally (99% of confident) corresponded with post-entry performance. Poor people need not just loans but also savings, insurance and money transfer services. Microfinance must be useful to poor households: helping them raise income, build up assets and/or cushion themselves against external shocks.

"Microfinance can pay for itself." (Lidgerwood, 2000) Subsidies from donors and government are scarce and uncertain, and so to reach large numbers of poor people, microfinance must pay for itself Micro finance means building permanent local institutions. Micro finance also means integrating the financial needs of poor people into a country's mainstream financial system. "The job of government is to enable financial services, not to provide them." "Donor funds should complement private capital, not compete with it." "The key bottleneck is the shortage of strong institutions and managers" (ledgerwood, 2000). Donors should focus on capacity building. Interest rate ceilings hurt poor people by
preventing micro finance institutions from covering their costs, which chokes off the supply of credit.

Microfinance institutions (MFIs) need control at the best to thrive in this quick evolving world. The business objectives that continuously drive MFIs are convincing them to build their business sectors and turn out to be more expert. By a few assessments, MFIs now serve near 100 million individuals, and that number continues rising. It is a mind-perplexing example of overcoming adversity. Yet, some are definitely not. The weight of rivalry, for instance, is making life more difficult for some MFIs (Wijesiri, Viganò & Meoli, 2015). Research recommends that it can avoid MFIs from their social reason and power them to receive less judicious (and less moral) practices to secure their piece of the overall industry and productivity. That is a broad proclamation about a tremendously different industry.

Nevertheless, you do not need to dig far into the microfinance world or read numerous daily papers to discover undesirable signs: exacerbating terrible obligations, raising discussion over the conduct of MFIs, nonetheless rising quantities of disappointments among MFIs brought around an intense market and awful leadership (Wijesiri & Meoli, 2015). Most importantly, what these propensities let us know is that microfinance is not any more the generally safe business that many individuals used to see, where borrowers paid off their obligations, and good natured financial researchers stopped the opportunities committed by terrible credits and leadership mistakes.

This even more sharp-edged perception of microfinance is picking up hold, strengthened by the colossal varieties that are currently going through the entire monetary world. Genuine, it is debated regularly fervently the individuals who preserve that the first plan of action still works, which devoted MFIs can at present meet their social points and flourish monetarily. On the likelihood that there are challenges, they say, it is a direct result of the weights caused by the current monetary emergency from managing an account even more categorically.Externally, that might be valid (Banerjee, Duflo, Glennerster & Kinnan, 2015).

However, further basic changes are additionally changing microfinance into a business with every one of the risks and advantages that recommends, and this requires a major adjustment in considering and business practice (Wijesiri et al., 2015). The key inquiry is the manner by which discernibly the business itself recognizes these progressions, and how well it is acclimatizing to them. We can concentrate the inquiry even more particularly on one plainly characterized set of individuals: the leaders and senior officials at MFIs who are
by and by in charge of the business and who have the work of ensuring that it perseveres and thrives (Allet & Hudon, 2015). A MFI's social supportability must be acknowledged when distinctive partners connect diverse intrigue and achieve a tradeoff. The slack resources suggestion interfaces the firm budgetary performance to its social performance contending that because of enhanced money related performance; firms get a more noteworthy flexibility to put resources into social obligation.

2.3.6 Microfinance Performance

Gichira (2011) conducted a study to investigate the factors that determine the financial performance of the 41 MFIs that are registered and regulated by the AMFI. From the findings, the various factors identified to influence this performance are either firm specific or market specific. The factors include; inflation rates, corporate governance practices, Distribution networks, Sustainability, Profitability, Outreach, Growth of informal sector, Leverage levels of the institution, Donor Subsidies, Access to capital, Capitalization requirements, Management Information systems, External Intervention. Others include Product diversity and Real Interest rates, Levels of Citizen Income, Donor Support, Education levels of Citizen. Liquidity of the Institution, Communication costs, Transition to service based economy, Operational costs, Existence of Micro - finance market. Risk Management Practices, Information costs, Transaction costs, Education levels of staff and Human expertise determine much how profitable MFI business is.

Mabonga and Kimani (2017) conducted a study in order to determine the effect of financial management practices on performance of microfinance institutions in Bungoma County, Kenya. The effect of credit risk management on financial performance of MFIs was assessed. This study was founded on credit risk theory. Descriptive survey research design was used. This study established that credit risk management positively and significantly influence financial performance of MFIs.

Kaloo (2016) conducted a study and focused on the financial determinants of MFIs performance in Kenyan Coast. Descriptive research design was used. The findings indicated that loan and savings portfolio affects the performance of MFIs, this was because savings ensured liquidity of the MFIs and prudent allocation of loans Group lending, effective loan portfolio management and diversification of loan portfolio enhances the performance of MFIs. There was no direct relationship between the dividend policy and performance of MFIs as the role of microfinance institutions was poverty reduction and wellbeing improvement of the people who could not access financial service from commercial banks.
Imai et al., (2011) conducted a study to investigate the effect of both institutional factors and the macro economy on the financial performance of MFIs. Data is drawn from the Microfinance Information Exchange (MIX) data as well as cross-country data of macro economy, finance and institutions drawing upon three stage least squares (3SLS) and fixed effects vector decomposition (FEVD) to take account of the endogeneity of key explanatory variables. It is also found that the macro-economic and financial factors, such as GDP and share of domestic credit to GDP, have positive impacts on MFIs’ financial performance, such as profitability, operating expense ratio and portfolio quality. It is thus concluded that while macroeconomic factors are important, improving macro institutional factors, policies to raise country-level institutional qualities are required for making the activities of MFIs more sustainable under the global recession.

Among the couple of thorough analysis of performance, a high commitment is Cull et al., (2007). It investigates money related performance and effort, in view of a substantial data collection of 124 microfinance establishments in 49 nations. Their decision demonstrate that MFIs offering for the most part individual’s credits are more productive, however the bit of poor borrowers and of ladies in the advance portfolio is lesser than in foundations that major on amass loaning. In addition, MFIs that offer individual credits progressively concentrate on wealthier customers frequently alluded to as mission float while this is less so for the groups based MFIs. Therefore, a vital method suggestion is the noteworthiness of institutional outline in diminishing unfriendly effects.

Regardless of whether prudential direction and supervision influence the performance and (Cull et al., 2011) inspect effort of MFIs. This has turned out to be especially essential, as MFIs have started group’s substantial outlets from the general population particularly from moderately needy individuals. Their analysis depends on the biggest 245 MFIs. The primary outcomes are: supervision negatively affects outreach, as supervision is decidedly connected with the normal advance adjust, while it is contrarily connected with level of borrowers. Given the present accentuation on augmenting of the limit of MFIs through bigger stores, it is not plainly obvious that this approach is welfare progressing.

As indicated by Mersl and (2007), program configuration can frequently profit by seeing how nearby ROSCAs (Rotating Savings and Credit Firms) work. Categorically the plan ought to be kept as straightforward as could reasonably be expected. Before including extra leadherships, one ought to continually mull over the need, the cooperative energy, and the cost of including them. Sometimes it can be appropriate to make fund acquisition.
Accounting ought to be abundant, yet kept at the base level, cash ought to be taken care of in broad daylight when all individuals are available, and the entire firm ought to be prepared in aggregate methods to defend straightforwardness. It is of eventually critical that the individuals themselves resolve on who to adopt in a firm and that they are largely socially associated. Suitable leadership is the thing that regularly recognizes well performing firms.

The social performance of a firm shows whether a partnership, private-profit driven firm and NGO includes the relations of the firm with its customers and other partner firms. MFI have for the most part been established to achieve a populace excluded from the established monetary framework. MFIs can have the fair of achieving socially rejected populaces or poor people, or essentially, to offer monetary leaderships in an area where traditional managing an account frame work is inadequate. The profundity of effort of the MFI can be measured to evaluate its accentuation on the monetarily and socially prohibited populace (Zeller & Meyer, 2002). However, it ought to be noticed that such a relationship of microfinance to check pertinence (Otero & Rhyne, 2006) limits microfinance focus to budgetary performance of the organization as opposed to at the effect on the customers.

It is progressively engrossed with broadening the assortment of value and adaptable money related leaderships that react to the diverse needs of poor people. Properly, Dunford (1998) talks about that this move makes microfinance just a means without an engaged focus with respect to the travelers concerned about which way out of destitution. Accordingly, the neediness disposal motivation of the poor on which microfinance succeeded is currently auxiliary to MFIs benefit expansion achievable by diverting support to little or small scale business development of the not really poor (Hulme, 1999). Impliendly, customer's financial advancement is yielded for market productivity. In a similar view, social value is spurned for monetary productivity. Confirmation of such lost missions can be seen from a microfinance assessment that concentrations first at how reasonable MFIs are, who MFIs manages are and how they are faring as far as the destitution line, is advantageous for item advancement and effort extension.

Credit restrictions and lacking money related capital all in all should restrain both the odds of survival and the rate of development of infant miniaturized scale fund firms in concurrence with the observational literature giving proof that littler small scale back firms are fiscally repressed by correlation with their bigger partners (Binks & Ennew, 2006; Fagiolo & Luzzi, 2006). Nonetheless, other late analysis have shown that the part of credit
portioning has been to some degree over-accentuated and that entrepreneurial sparing plans might have the capacity to abrogate getting restrictions.

Clarkson and Deck (1997) view delegation as an aspect of corporate governance. However, while the delegation structures they propose may be key aspects of governance in major corporations, many microfinance institutions operate in a completely different environment, which is largely informal. Thus, although delegation is necessary, especially when MFI grow rapidly, it may not be feasible to apply the rules of corporate governance in company law to the operations of microfinance institutions at the grassroots level. De Aghion and Morduch (2005) conventional this view, but they seem to ignore one of the key questions about delegating operations to members of microfinance institutions, which is, what should be done in the event of conflict between members. (Bass, 1997) discusses the values that business leaders should have, including willingness and ability to delegate, but does not discuss how this should be carried out in a microfinance institution.

2.3.7 Critique of Literature

From literature review, it is palpable that trust, commitment, learning and staff satisfactions are key outcomes of transformational leadership that is evidenced through research. Though there are leadership studies in Kenya, they are skewed towards the operational aspects and gender leadership roles (Ayai & Sene, 2010; Ayai, 2011; Chan, 2010; Katwalo & Muhanji, 2014). Thus, the studies revealed the conceptual gap that the current study addressed. Therefore, there is need to look at the type of leadership that is offered in microfinance institutions and the outcomes that it brings about.

Microfinance is a people’s business that appeals not only to the emotional aspects of individuals but lead to commitment (Ayai & Sene, 2010). Microfinance succeeds if the people working in them are able to create loyalty in the clientele served. As Chan (2010) has argued leaders determine what microfinance organization are able to translate into actual business. Cheung and Wong (2011) in study found out that staffs do not perform if they have no trust in leadership. These studies identified the contextual gap that the current study addresses. Cull et al., (2007) discuss the pitfalls of measuring performance from either an outreach or financial aspect, namely that focus on one tends to detract from the other, but they do not offer any suggestions as to how this imbalance can be resolved.

The authors also highlight the negative effect that regulation and supervision has on outreach, but do not show how to resolve this problem. Mersland (2007) focuses on Rotating Savings and Credit Firms (ROSCAs or merry-go-rounds) which are often the
precursors of MFIs. However, the author does not appreciate that the characteristics that contribute to good performance of ROSCAs are different from those of microfinance institutions. Zeller and Meyer (2002) address social performance of MFI to the exclusion of financial performance, while Otero and Rhyne (2006); Dunford (1998) and (Hulme 1999) argue that microfinance is increasingly focusing on financial returns, ignoring its empowerment and development aspects.

The studies reviewed have described performance as either an outreach issue, in terms of MFI performing well by reaching as many people as possible (Helms, 2006) or as a financial issue, in which performance depends on maximizing financial returns (Ledgerwood, 1999). The different theories of leadership may have some bearing on which measures of performance are used to determine the success (or otherwise) of a microfinance institution. For instance, a leader under the transactional theory is more likely to measure performance using financial parameters; as these more closely correspond with the leader's own view of his/her work. If the leader can ensure greater financial performance of a microfinance institution, then the leader is likely to accrue greater personal rewards, such as greater remuneration, bonuses (Magee et al., 2008).

A similar dichotomy can be seen when other theories of leadership are applied to microfinance institution performance. For instance, in the trait theory, leaders with different traits are likely to prefer different performance measures (Drucker, 1989). The same is true of different types of leadership under the behavioral theory of leadership. What all these different aspects of leadership may have in common in a microfinance context is that whether performance is measured in terms of outreach or financial metrics, successful microfinance institutions will have very different characteristics from unsuccessful ones. Thus, a financially successful microfinance is also likely to be successful in terms of number of members and number of enterprises (Mersland, 2007).

The current gap in the literature on MFI performance has been created by lack of a performance metric that incorporates all aspects of a microfinance institution's performance. Indeed, some authors (Hermes & Lensink 2011; Hulme, 1999) have described outreach and financial approaches to measuring performance as antagonistic, yet none of them have attempted to come up with a holistic measure of MFI performance, thereby creating a gap in the literature that the study sought to fill. This gives credence to this particular research that will look more into what leadership does to the people and the results in terms of the institutions sustainability and through performance that they register.
2.4 Chapter Summary

Chapter discussed theories that informed study that included transformational leadership, resource based view, social learning and goal setting theories. Conceptual framework of the study was outlined and operationalization of variables done. An empirical review on the topic of study was also analyzed in details to identify the research gap and better understanding of the research topic. The chapter critiqued various empirical works done on the variables of study and brought out the gaps which the current study sought address fill. The main research gaps identified are conceptual and contextual gaps.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Chapter discusses methodology that was used to carry out this research. It gives details of research design, target population, sampling design, data gathering procedure and methods of data analysis that were used in this study.

3.2 Research Philosophy

The research philosophy for this study was positivism. Research philosophy relates to the foundation of knowledge upon which important assumptions and predispositions of a study are based. There are two main research philosophies, namely; positivism (scientific) and phenomenology (interpretivism) which may also be viewed in terms of two perspectives, namely quantitative and qualitative approaches (Cooper & Schindler, 2006). Positivist philosophy premises that knowledge is based on facts and that no abstractions or subjective status of individuals is considered. Positivism thus derives a quantitative perspective, which holds that there is an objective reality that can be expressed numerically, with explanatory and predictive power (Neuman, 2006; Furrer, Thomas & Goussevkaia, 2008).

3.3 Research Paradigm

Under positivism paradigm, knowledge is valid only if it is based on values of reason and facts, gathered through direct observations and experience measured empirically through quantitative methods and statistical analysis. Under this paradigm, theoretical models can be developed that are generalizable to explain cause and effect relationships (Saunders, Lewis & Thornbill, 2007). Consequently, problem solving under this approach follows a pattern of formulating hypotheses in which assumptions of social reality are made and hypotheses tested often using quantitative techniques (Buttery & Buttery, 1991; Stile, 2003). On the other hand, interpretivism is benchmarked on the belief that social reality is not objective but highly subjective because it is shaped by the researcher’s perceptions. It is any type of research where the findings are not derived from statistical analysis (Collins & Hussey, 2009). Thus, the philosophical foundation of the study was positivism where scientific processes were followed in hypothesizing fundamental laws then deducing the observations to determine the truth or falsify the solid hypotheses.
3.4 Research Design

A research design is the strategy for a study and the plan by which the strategy is to be carried out. It is a plan on how one undergoes the answering of research questions (Saunders et al., 2012). The purpose of research design is facilitating the evidence obtained and answering unambiguous research questions (Cooper & Schindler, 2014). A research design includes clear-cut objectives worked out from research questions, specifying sources from where data was gathered, proposes how the data was collected and analyzed discusses ethical issues and the constraints that a research may encounter.

This study used a descriptive research design. Descriptive studies are those to describe phenomena associated with a subject population or to estimate proportions of the population that have certain characteristics. A descriptive design looks at a phenomenon answering critical question such as who? what? when? as well as how variables relate to one another(Cooper & Schindler, 2014). It helps in the understanding of the characteristics of a group in a given situation, assists in systematic thinking about aspects in a given situation. It also offers idea for further probe and research and helps in making certain simple decisions.

This study will benefit from descriptive design because it involves; formulation of objectives of the study, design of methods of data collection, selection of sample, collection of data and analysis of results. This research due to constraint of time took a cross sectional approach as it would have been difficult to take a longitudinal study. This design-enhanced researcher to characterize dependent and independent in the study.

3.5 Population and Sampling Design

The target populace of this research was staff working in retail Microfinance Institutions that were members of Association of Kenya Microfinance Institutions (AMFI (K)).These included the microfinance Banks and credit only institutions. They were divided into strata to cater for the different groups’ that is ordinary staff, middle level managers and department heads in microfinance institution who champion performance. AMFI sector report (2014) detailed that microfinance staffs were 5,833 in number and that microfinance was served in 698 branches.

From the list of AMFI members attained from AMFI Kenya, 37 member institutions conduct microfinance business at retail level. This research therefore excluded banks, wholesale traders, Sacco’s and development banks that are members of AMFI (A list is annexed).The target population was 250 senior managers, 700 middle level managers and
4,883 other microfinance staff. The microfinance managers were crucial in providing managerial information while other staff assisted with the normal operations information. These figures were derived from the AMFI sector report 2016.

### Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Strata</th>
<th>Target Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other staff</td>
<td>4,883</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>250</td>
</tr>
<tr>
<td>Middle level Managers</td>
<td>700</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,833</strong></td>
</tr>
</tbody>
</table>

Source: AMFI (2016)

#### 3.5.1 Sampling Frame

Sampling frame is a rundown of all things where staff sample is drawn with the end goal of research. It has the property that the research can recognize each component and incorporate any in the sample (Saunders et al., 2009). By use of primary data, the researcher got the number of staff in every organization that formed the target population, divided this into three strata where we had the senior managers, middle level managers and other staff.

An appropriate sample was obtained that formed the participant of the research and that gave evidence that allowed for generalization. Therefore, being a large population Cochran formula was used to establish appropriate sample size.

#### 3.5.2 Sampling Technique

The motivation behind testing is to secure a staff group which empowers researcher to gain data about the populace (Kothari, 2004). The study used stratified technique to select the respondents. The technique was used to select participants from different selected categories of staffs of microfinance. The technique ensured that each category and each possible respondent is given an equal chance of being chosen and included in study (Mugenda & Mugenda, 2003).

#### 3.5.3 Sample Size

This is a finite population since it is perfectly possible to tell how many members were employed in microfinance institutions; it is believed they were in excess of a thousand. Taylor (2012) in Philippines while conducting similar research used a similar sample of
Mohamed (2011) used the same. A sample is a subset of a population (Desu, 2012). The sample size will be calculated using Fisher formula, which is as follows: where is the standard normal deviate = 1.96 for a 95% level of significance, 50% is the prevalence rate from other studies, and 0.05 is the degree of accuracy. Therefore,

\[ n = \frac{z^2 \cdot p(1-p)}{d^2} \]

Where:

- \( n \) = sample size;
- \( z \) = the table value for the level of confidence, 95% level of confidence (1.96)
- \( d \) = margin of error (0.05)
- \( p \) = proportion to be estimated, recommends that if you don’t know the value of \( p \) then you should assume \( p=0.5 \)

\[ n = \frac{1.96^2 \cdot 0.5 \cdot (1-0.5)}{0.05^2} = 384.678 \]

\[ =384.6363\approx 385\text{ respondents} \]

\( n=385 \) respondents

This justified the sample of 385 used in the study. To ensure that all strata’s were recognized, a proportion was selected based on percentages of representation and a sample drawn from.

**Table 3.2: Sampling Frame**

<table>
<thead>
<tr>
<th>Strata</th>
<th>Target Population</th>
<th>Percentage</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other staff</td>
<td>4,883</td>
<td>84</td>
<td>323</td>
</tr>
<tr>
<td>Senior Managers</td>
<td>250</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Middle level Managers</td>
<td>700</td>
<td>12</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,833</strong></td>
<td><strong>100</strong></td>
<td><strong>385</strong></td>
</tr>
</tbody>
</table>

Source: AMFI (2016)
3.6 Data Collection Methods

Survey method was used to conduct study, whereby a multifactor questionnaire MLQ as used by Taylor (2012) was used. This was used to assess leadership style. Taylor, 2012, conducting a similar research in Philippines used the same tool. Northouse, (2004) argued that the MLQ questionnaire was the best tool to assess leadership. Combined with the MLQ questionnaire, a standard questionnaire was also used as a standard tool of collecting primary data and this was used to review trust level, commitment, learning and job satisfaction. Likert scale was ordered ranging from strongly agree to strongly disagree. This represented an efficient and economical way of collecting data that was valid and reliable.

3.6.1 Pilot Testing

Schindler (2006) stated that the purpose of pre-test is to identify flaws in design and implementation and to offer a proxy for data collection of a likelihood sample. Cronbach (1951) alpha test was used to check the reliability of the questionnaire. Reliability is a measure of how much are search instrument yields steady outcomes after rehashed trials (Mugenda & Mugenda, 2003).

A pilot study was undertaken in to check validity of the surveys, before the real analysis. The guiding was done within the institutions branches in Embu County. The surveys were pre-tried to a chosen test like the real sample used as a part of the study. The ambiguities in the instruments acknowledged from the pilot testing were revised before the poll was used for real data accumulation for this analysis. The selection of the pilot was done using purposive sampling. Cronbach alpha test was used to test reliability and the benchmark was 70%, which as Tavokal and Dennick (2011) argued was a good measure of consistency. Content and construct validity was also obtained by the help of the supervisor who inspected the research instrument to ensure that content inside is sufficient.

3.6.2 Tests for Reliability

To measure reliability of questionnaire used in study, the Cronbach’s alpha statistic was calculated for Likert scale questions. Cronbach’s alpha statistic is between 0 and 1. The closer the Cronbach’s alpha is to 1, the better questionnaire reliability. This is because a high alpha is caused by a high variance which means there is a wider variance of the responses and makes it easier to differentiate amongst responses (Allen, 2005). According to Field (2009), a questionnaire with a Cronbach’s alpha of 0.8 is taken as reliable.
For this particular study, the reliability test was done during the pilot study to ensure that any questions with a high “alpha if item is deleted” are dropped before the main study. This was explained by the criteria that if the question is dropped, the overall Cronbach’s alpha increased. Cronbach’s alpha test for reliability was carried out on 30 questionnaires dully filled during the pilot study. The 30 polls were not imputed in final study to control bias. Data from the pilot study were coded into SPSS and calculation of Cronbach’s alpha to measure for internal consistency of polls and outcomes.

Outcomes reflect each of the items has Cronbach’s alpha of above 0.8 which is considered as a good indicator of reliability. According to Tavakol and Dennick (2011), if the items in a test are correlated to each other, that is they measure the same variable, the value of the alpha is increased. The high Cronbach’s alpha for variables each shows that questions in each section were reliable and there was internal consistency.

3.6.3 Test for Validity

In this study, the Kaiser-Meyer-Olkin measure of inspecting sufficiency was used to test for validity. According to Williams, Onsman and Brown (2010), the KMO record extends in the vicinity of 0 and 1, with 0.50 thought about reasonable for factor study. The Barlett's trial of sphericity was used to test the theory that the correlation matrix which would infer that the factors are uncorrelated. The choice basis is that the invalid theory is rejected if the criticalness estimation of the test is less than the alpha level.

3.7 Research Procedures

Data collection procedure was done using a self-administered questionnaire. Each questionnaire was coded. The coding technique was only used for the purpose of matching returned, completed questionnaires with those delivered to the respondents. Data collection methods included contacting and gaining access to the Organization through an introductory letter from the University. The target respondents completed the questionnaire and where clarification was necessary the researcher was available. In line with, Cabrita and Bontis (2008) recommendation follow up in terms of letter, e-mails and telephone calls will was carried out in subsequent weeks following data collection to increase the respondent’s rate.

The data gathered from the field was coded in a way that the objectives of the research was captured and data checked for completeness in readiness for analysis. Data entry was done using Microsoft excel and analysis done using SPSS software. Upon completion of data
entry, data cleaning, computation and analysis was done using the SPSS software where output was generated for all data entered while checking for any missing responses.

3.7.1 Pilot Testing

As indicated by Borg and Gall (2013) validity is how much a test measures what it implies to quantify. At the end of the day, validity is how much outcomes acquired from the study of the data really speak to the phenomena under investigation. As indicated by Borg and Gall (2013), validity of an instrument is enhanced through expert judgment. Overall, the supervisor and different researchers in the University discovered the substance validity. Cronbach alpha test was used to check the reliability of the questionnaire. Reliability is a measure of how much a research instrument yields steady outcomes after rehearsed trials (Mugenda & Mugenda, 2003).

A pilot study was undertaken in to check validity of the surveys, before the real analysis. The guiding was done within the institutions branches in Embu County. The surveys were pre-tried to a chosen test like the real sample used as a part of the study. The ambiguity in the instruments acknowledged from the pilot testing was revised before the poll was used for real data accumulation for this analysis. The selection of the pilot was done using purposive sampling. Cronbach alpha test was used to test reliability and the benchmark was 70%, which as Tavokal and Dennick (2011) argued was a good measure of consistency. Content and construct validity was also obtained by the help of the supervisor who inspected the research instrument to ensure that content inside is sufficient.

3.7.2 Tests for Reliability

To measure reliability of questionnaire used in study, the Cronbach’s alpha statistic was calculated for Likert scale questions. Cronbach’s alpha statistic is between 0 and 1. The closer the Cronbach’s alpha is to 1, the better questionnaire reliability. This is because a high alpha is caused by a high variance which means there is a wider variance of the responses and makes it easier to differentiate amongst responses (Allen, 2005). According to Field (2009), a questionnaire with a Cronbach’s alpha of 0.8 is taken as reliable.

Reliability test was done during the pilot study to ensure that any questions with a high “alpha if item is deleted” are dropped before the main study. This was explained by the criteria that if the question is dropped, the overall Cronbach’s alpha increased. Cronbach’s alpha test for reliability was carried out on 30 questionnaires dully filled during the pilot study. The 30 polls were not imputed in final study to control bias. Data from the pilot study
were coded into SPSS and calculation of Cronbach’s alpha to measure for internal consistency of polls and outcomes. According to Tavakol and Dennick (2011), if the items in a test are correlated to each other, that is they measure the same variable, the value of the alpha is increased.

### 3.7.3 Ethical Consideration

The study adopted questionnaire as a method of data collection. The questionnaires provided a good qualitative data that was used to gather more opinions on the statements. The respondents were allowed to give their opinion freely since questionnaires also afford them the anonymity that was required in research. As Saunders *et al.*, (2009) indicate, for research to be successful there must be acceptance and thus the researcher has to negotiate. Smith *et al.*, (2008) offer it is fundamental that a researcher involves networks and professional bodies before undertaking a research.

This research was undertaken with proper authorization from the relevant authorities and the university. Leadership was requested from NACOSTI and the Association of Microfinance Institutions both as a beneficiary and as the owner of secondary data. An introductory letter from AMFI increased the acceptance levels. Leadership was also requested from the university and all information collected from the respondents were treated with utmost good faith and confidentiality. Respondents were guaranteed that the research will be used for research purpose only and their views were taken as they respond and standard questions were used.

### 3.8 Data Analysis Methods

Burns and Grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. Data gathered from the questionnaires was analyzed quantitatively using Statistical Package for Social Sciences (SPSS) computer software. SPSS generated both descriptive and inferential statistics.

#### 3.8.1 Descriptive Analysis

Descriptive statistics included the mean and standard deviation used to capture the characteristics of the variables under study. Frequency distribution, graphs, pie charts and tables, were used to organize and give a summary of the data. They were displayed in a meaningful and understandable manner to assist in describing and interpreting the results of the research.
3.8.2 Inferential Statistics

Inferential statistics included bivariate correlation, which was used to analyze the relationship of the independent variable. In addition, correlation and regression to test for relationships while a multiple regression model was used to determine the combined effect on the relationship between the outcomes and performance. Summary statistic was used and the output presented using tables. All the data aimed at providing answers to the research questions. This type of data analysis was based on the use of numeric data in the form of numbers, levels and categories. The extent to which transformational leadership determined performance was measured through the weight that the respondents gave it in the MLQ questionnaire weighted through the scales given.

The multiple regression model that was used is;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Where:

\( Y \) = Microfinance Performance.
\( X_1 \) = Commitment
\( X_2 \) = Trust
\( X_3 \) = Learning
\( X_4 \) = Job Satisfaction
\( \beta_1, \ldots, 4 \) = Coefficients of the variables
\( \varepsilon \) = Error term

3.9.1 Moderating effect of New Entrance

\[ Y = \beta_0 + \beta_1 X + \beta_2 M + \beta_3 X^*M + \varepsilon \]

Where:

\( Y \) = Microfinance performance.
\( X \) = Composite of all the independent variables
\( M \) = New entrance (Moderating variable)
\( \beta_1, \ldots, 3 \) = Coefficients of the variables
\( \varepsilon \) = Error term
3.9 Chapter Summary

This chapter elaborates on the methodology that was used as a part of undertaking this study. It outlined the objective populace and methods for arriving at the sample required for research. Further, section elaborated design used in the data collection techniques and introduced the model that was used to decide the relationships amongst the factors. Next section exhibits data analysis reports and uncover the result of the research. Reliability was conducted by testing Cronbach Alpha against a threshold of 0.7 while both construct and content validity were tested. In analysis, both descriptive methods as well as inferential methods were utilized by the study. Descriptive analysis entailed the use of frequencies, percentages as well as means and standard deviations to describe the population. To test the hypothesis, the study used OLS regression analysis method. The next two chapters present the analysis, discussion of the findings and conclusion as well as recommendations of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

Section presents the data, the analysis arising from it and statistical interpretation of findings. The analysis carried out on the data includes the response rate on the survey, the reliability tests on the questions measuring the different variables, the diagnostic tests carried out on the data, correlation analysis and regression modeling. The outcomes of analysis were given in tables and charts. The analysis in this chapter is arranged according to the research objectives where each of the hypothesis was tested and the findings presented. Descriptive analysis was done on the demographic data while the Likert scale questions were used to model the regression analysis to determine impact of the different independent variables on dependent variable which is organizational performance.

4.2 Response Rate

Rate of response was calculated as no of completed pools divided by total number of people contacted. A total of 385 questionnaires were issued to microfinance institutions’. An aggregate of 306 polls were filled in and given back which response rate representation of 80%. The results were presented in Table 4.1. According to Mugenda and Mugenda (2003), 50% response rate was statistically complete for a descriptive study. The study’s rate of response 80% is therefore sufficient to carry out statistically unbiased analysis that may arise out of having response rate that is low.

Table 4.1: Response rate

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>306</td>
<td>80%</td>
</tr>
<tr>
<td>Unreturned</td>
<td>79</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>385</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3 Pilot Results

4.3.1 Tests for Reliability

To measure reliability of questionnaire used in study, the Cronbach’s alpha statistic was calculated for Likert scale questions. Cronbach’s alpha statistic is between 0 and 1. The
closer the Cronbach’s alpha is to 1, the better questionnaire reliability. This is because a high alpha is caused by a high variance which means there is a wider variance of the responses and makes it easier to differentiate amongst responses (Allen, 2005). According to Field (2009), a questionnaire with a Cronbach’s alpha of 0.8 is taken as reliable.

For this particular study, the reliability test was done during the pilot study to ensure that any questions with a high “alpha if item is deleted” are dropped before the main study. This was explained by the criteria that if the question is dropped, the overall Cronbach’s alpha increased. Cronbach’s alpha test for reliability was carried out on 30 questionnaires dully filled during the pilot study. The 30 polls were not imputed in final study to control bias. Data from the pilot study were coded into SPSS and calculation of Cronbach’s alpha to measure for internal consistency of polls and outcomes.

Outcomes reflect each of the items has Cronbach’s alpha of above 0.8 which is considered as a good indicator of reliability. According to Tavakol and Dennick (2011), if the items in a test are correlated to each other, that is they measure the same variable, the value of the alpha is increased. The high Cronbach’s alpha for variables each shows that questions in each section were reliable and there was internal consistency.

<table>
<thead>
<tr>
<th>Table 4.2: Reliability test</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number</strong></td>
</tr>
<tr>
<td>1.</td>
</tr>
<tr>
<td>2.</td>
</tr>
<tr>
<td>3.</td>
</tr>
<tr>
<td>4.</td>
</tr>
<tr>
<td>5.</td>
</tr>
</tbody>
</table>

4.3.2 Test for Validity

In this study, the Kaiser-Meyer-Olkin measure of inspecting sufficiency was used to test for validity. According to Williams, Onsman and Brown (2010), the KMO record extends near 0 and 1, with 0.50 thought about reasonable for factor study. The Barlett's trial of sphericity was used to test the theory that the correlation matrix which would infer that the factors are uncorrelated. The choice basis is that the invalid theory is rejected if the criticalness estimation of the test is less than the alpha level.
4.4 General Information

The demographic statistics established in this study were; the respondent’s gender, the respondent’s level of education, years the respondent has worked in the organization and the respondent’s position in that organization.

4.4.1 Gender of the respondents

Respondents were prevailed upon to reveal their gender to ensure that data and responses were not biased by having responses from one gender only. The distribution of the gender was shown in Table 4.4.

Outcomes revealed males and females were evenly represented in the survey. Out of the 306 respondents, 152 respondents were male representing 49% of the respondents while 154 respondents were female representing 51% of the respondents.

Table 4.4: Gender of respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>152</td>
<td>49%</td>
</tr>
<tr>
<td>Female</td>
<td>154</td>
<td>51%</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

4.4.2 Education level of the Respondents

The respondents contacted in this study were requested to reveal highest education attained. More than 50% (55%) of the respondents were found to be graduates while only 1% of the respondents were found to have the highest level of education attained as being below college level. 38% of the respondents were found to have college education as their highest
level while 6% of the respondents were found to have attained post-graduate level of education. According to Statistics Canada (2003), responding to a question is a complex process that requires understanding, interpretation and finally communication of the answer. The results were shown in Table 4.5 and indicated majority respondents had an ability to interpret and respond to the questions based on their education level.

Table 4.5: Education level of the respondents

<table>
<thead>
<tr>
<th>Education level</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>4</td>
<td>1%</td>
</tr>
<tr>
<td>College</td>
<td>117</td>
<td>38%</td>
</tr>
<tr>
<td>Graduate</td>
<td>167</td>
<td>55%</td>
</tr>
<tr>
<td>Post graduate</td>
<td>18</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.4.3 Years Worked in the Organization

Respondent’s work experience in a particular organization was presented as presented in Table 4.6. Outcomes reveal that majority of respondents have worked less than 5 years in the organization. 41% of the respondents were found to have worked less than 2 years in their current organization while 40% were found to have worked between 3-5 years in their current organization. This totaled to 81% of the respondents having 5 years less working years in their present organization. Only 19% of total respondents contacted had worked more than 5 years in their current organization. The age in an institution was important because it supports one appreciate leadership and give a good assessment. The more one interacts with an individual the more you appreciate their talents.

Table 4.6: Number of years worked in organization

<table>
<thead>
<tr>
<th>Years worked</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;2yrs</td>
<td>125</td>
<td>41%</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>123</td>
<td>40%</td>
</tr>
<tr>
<td>&lt;5 yrs</td>
<td>58</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.4.4 Organization

Respondents were prevailed upon to reveal name the organization they worked for though optional. Most of the respondents opted not to indicate their organization name (81%) as shown in Table 4.7. Cumulatively, only 19% of the respondents indicated the organization they worked for.

Table 4.7: Name of organization

<table>
<thead>
<tr>
<th>Organization</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>BIMAS</td>
<td>15</td>
<td>5%</td>
</tr>
<tr>
<td>SISDO</td>
<td>5</td>
<td>2%</td>
</tr>
<tr>
<td>ECLOF</td>
<td>10</td>
<td>3%</td>
</tr>
<tr>
<td>SMEP</td>
<td>7</td>
<td>2%</td>
</tr>
<tr>
<td>KWFT</td>
<td>15</td>
<td>5%</td>
</tr>
<tr>
<td>FAULU</td>
<td>7</td>
<td>2%</td>
</tr>
<tr>
<td>NEEMA</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>NOT INDICATED</td>
<td>247</td>
<td>81%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.4.5 Position

Table 4.8 summarizes the position of the different respondents categorized in the questionnaire as senior management, middle level and subordinate level. The results indicate that 58% of the respondents are in middle level while subordinate level respondents totaled to 38%. Only 5% of the respondents were found to be in senior management level.

Table 4.8: Position

<table>
<thead>
<tr>
<th>Position</th>
<th>Count</th>
<th>Column N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>15</td>
<td>5%</td>
</tr>
<tr>
<td>Middle level</td>
<td>176</td>
<td>58%</td>
</tr>
<tr>
<td>Subordinate</td>
<td>115</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.5 Diagnostic tests

Diagnostic tests were conducted to ensure that assumptions of regression model are not violated. The assumptions tested for before the regression model was fitted were; multicollinearity test, normality test on the errors distribution, test for heteroscedasticity and autocorrelation.

4.5.1 Test for Multicollinearity

Jeeshim and Kucc (2002) characterized multi-collinearity as a high level of relationship between at least two autonomous factors. Its fundamental driver is the point at which an expansive number of autonomous factors are joined in a regression model. Jeeshim and Kucc (2002) posit that only existence of multicollinearity is not a violation of the Ordinary Least Squares assumption. In this study, multicollinearity was checked and tested for VIF statistics in the regression output. According to Jeeshim and Kucc (2002), some researchers argue that VIF values of greater than 10 indicate significant multicollinearity. The outcomes of the multicollinearity test were presented in table 4.9 and mean of the VIF recorded. The results indicate a mean of 2.484, which is less than 10 hence the conclusion there is no significant multicollinearity.

Table 4.9: Multicollinearity tests using VIF statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.872</td>
</tr>
<tr>
<td>Commitment</td>
<td>2.715</td>
</tr>
<tr>
<td>Trust</td>
<td>2.925</td>
</tr>
<tr>
<td>Learning</td>
<td>2.425</td>
</tr>
<tr>
<td>Satisfaction</td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>2.484</td>
</tr>
</tbody>
</table>

4.5.2 Test for Normality

The regression residuals are thought to be free and indistinguishably distributed with a population mean equivalent to zero. For this study, the test for ordinarity was done using the graphical approach as appeared in Figure 4.1. The plot demonstrates that the residuals were normally distributed.
Figure 4.1: Test for Normality

4.5.3 Test for Heteroscedasticity

The error process may be Homoscedastic within cross-sectional units, but its variance may differ across units: a condition known as group wise Heteroscedasticity (Stevenson, 2004). The hettest command calculates Breuch Pagan for group wise Heteroscedasticity in the residuals. Heteroscedasticity test was run in order to test whether the error terms are correlated across observation in the cross sectional data (Long & Ervin, 2000). The null hypothesis is that the data does not suffer from Heteroscedasticity since the p-value is greater than the 5%. The null hypothesis was not rejected at a critical p value of 0.05 since the reported value was 0.1275>0.05. Thus, the data did not suffer from heteroscedasticity. The results in Table 4.10 indicate that the null hypothesis of constant variance is not rejected as supported by a p-value of 0.1275.

Table 4.10: Heteroscedasticity Results

<table>
<thead>
<tr>
<th>Breusch-Pagan / Cook-Weisberg test for heteroscedasticity</th>
<th>Ho: Constantvariance</th>
</tr>
</thead>
<tbody>
<tr>
<td>chi2(1) = 4.860</td>
<td></td>
</tr>
<tr>
<td>Prob &gt; chi2 = 0.1275</td>
<td></td>
</tr>
</tbody>
</table>
4.5.4 Test for Autocorrelation

A check on autocorrelation was done to ensure regression model was not biased by the existence of serial autocorrelation amongst the variables. Serial correlation is a violation of the assumption of independence hence creating problems with the t-tests and confidence intervals. However, some researchers suggest that as a rule of thumb, that a Durbin Watson statistic ranging between 1.5 and 2.5 should not be a cause of not fitting a regression model.

Outcomes of Durbin-Watson test were presented in Table 4.11. Results show that the Durbin Watson statistic is 0.578 which was less than the lower critical value $d_L(4,200)=1.633$, we reject the null hypothesis in conclusion that there is positive autocorrelation. This however does not bias our results since autocorrelation is primarily a phenomenon of time series data, of which the data in the study is not.

Table 4.11: Autocorrelation tests

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.246</td>
<td>.060</td>
<td>.048</td>
<td>.28314</td>
<td>.578</td>
</tr>
</tbody>
</table>

4.6 Staff Commitment

4.6.1 Descriptive statistics

The first objective of the study was to determine the influence of commitment as an outcome of transformational leadership outcome on the performance of microfinance institutions’ staff. This objective was measured on Likert scale.

4.6.1.1 Existence of a Clearly Articulated Vision

Respondents were asked to respond, on a scale of 1-5, to the question of whether they agreed with the statement that their enterprise had a clear articulated vision. Table 4.12 summarizes the results of the study. Cumulatively, 87% of the respondents agreed with the statement. This was in similar to the assertion by Rafferty, Alannah and Griffin (2004) that vision is an important component of transformational leadership outcome and that charisma is often strongly associated with measures of effectiveness.
Table 4.12: Descriptive statistics- Existence of a Clearly Articulated Vision

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>28</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Agree</td>
<td>120</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>146</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.6.1.2 Leaders with High Ethical and Moral Conduct

The descriptive statistics on the question as to whether the leaders in the respondent’s enterprises had high ethical and moral conduct were presented in Table 4.13. The results indicate that most of the respondents tend to agree with the statement with over 80% of the respondents distributed between agree and strongly agree.

Table 4.13: Descriptive statistics- Leaders have high ethical and moral conduct

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>8</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>43</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Agree</td>
<td>141</td>
<td>46%</td>
<td>46%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>107</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.6.1.3 Existence of Clear Vision and a Sense of Mission

The respondents were asked how much they agreed with the statement that there exists clear vision and a sense of mission in their enterprise. The descriptive statistics of the question were presented in Table 4.14. The results indicated that 87% of the respondents either agreed or strongly agreed with the statement.

119
Table 4.14: Descriptive Statistics - Existence of Clear Vision and a Sense of Mission

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>5</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>27</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Agree</td>
<td>111</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>156</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.6.1.4 Leaders Self-Interest and Good for Staffs

The respondents were asked to state whether they agree or disagree with the statement that leaders in their enterprise go beyond self-interest for the good of staffs. The results in Table 4.15 indicate that 70% of the respondents either agreed or strongly agreed with the statement.

Table 4.15: Descriptive Statistics - Leaders Go Beyond Self-Interest for the Good Of the Staffs.

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>15</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>62</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Agree</td>
<td>144</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>67</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.6.1.5 Jobs Clearly Described

According to Pieterse et al., (2010), transformation leadership tends to promote innovative behavior amongst staffs unlike transactional leadership which clarifies expectations. However, in this study, most respondents tend to agree with the statement that jobs in their enterprises are clearly described, with 75% of the respondents responding with either agree
or strongly agrees as indicated in Table 4.16. This is not a characteristic of transformation leadership.

**Table 4.16: Descriptive statistics- Jobs in our enterprise are clearly described**

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>15</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>62</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Agree</td>
<td>144</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>67</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.6.2 Relationship between Staff Commitment and performance of staff in the microfinance institutions

The independent variables and the dependent variable were collapsed to give a mean score for purposes of regression analysis. The means were then used to model the regression analysis between the dependent and independent variables. The results in Table 4.17 show the model fit statistics of the regression model. The results in show that commitment explains 5% of the microfinance staff’s performance.

**Table 4.17: Model fitness**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>.231</td>
<td>.053</td>
<td>.050</td>
<td>.47682</td>
</tr>
</tbody>
</table>

In regression analysis, the F-Statistic tests the overall significance of a regression at a given level of confidence usually 95%. The F-statistic specifically tests the null hypothesis that all the regression coefficients are equal to zero. If the significance of the F-statistic is less than the p-value at 95% confidence level that is 0.05, then the null hypothesis is rejected, and the alternative hypothesis that at least one of the regression coefficient is not equal to zero is accepted.
Table 4.18 shows the ANOVA test for the regression model with the dependent variable being the mean of staff performance and one predictor variable, the mean score for commitment. The results indicate that the regression model is statistically significant. This means that staff commitment significantly predicts staff performance in micro-finance institutions. This is supported by the F-statistic=17.144 and a significance value of 0.000<0.05.

Table 4.18: Analysis of variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.898</td>
<td>1</td>
<td>3.898</td>
<td>17.144</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>69.118</td>
<td>304</td>
<td>.227</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>73.016</td>
<td>305</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression coefficient of the model was presented in Table 4.19. The results indicate that staff commitment as an outcome of transformational leadership has a positive and significant relationship to staff performance (r=0.149, p=0.000). This is interpreted to mean that a unitary increase in the mean of commitment will lead to a corresponding 0.14 unit increase in the mean of staff performance.

Table 4.19: Regression coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.370</td>
<td>.149</td>
<td>15.911</td>
<td>.000</td>
</tr>
<tr>
<td>Staff Commitment</td>
<td>.149</td>
<td>.036</td>
<td>4.141</td>
<td>.000</td>
</tr>
</tbody>
</table>

The specific model fitted was

Staff performance =2.370+0.149X₁

Where X₁ is Staff commitment.

4.6.3 Hypothesis Testing for Staff Commitment

The hypothesis was tested using the simple linear regression model as shown in table 4.19. The study sought to test the given null hypothesis:

\( H₀₁: \text{Staff commitment does not influence staff performance in micro-finance institutions in Kenya.} \)
The criterion for rejecting null hypothesis is to reject the null hypothesis if the calculated p-value is less than the critical p-value at 95% confidence level which is 0.05. The results in table 4.19 show that the p-value = 0.000 < 0.05, hence, the null hypothesis was rejected therefore staff commitment influences staff performance in microfinance institutions in Kenya.

4.7 Trust

4.7.1 Influence of trust as an outcome of transformational leadership on the performance of microfinance institutions’ staff

The second objective of the study was to determine the influence of trust as an outcome of transformational leadership on performance of staff in the microfinance institutions in Kenya. To measure the influence of trust as a result of transformational leadership, the respondents were asked to 5 set of likert scale questions.

4.7.1.1 Leaders transparency in their dealings

Respondents were asked to state to what degree they agreed with the statement that they consider their leaders to be transparent in their dealings. Avolio (2007) explains the characteristics of authentic leadership development as including individual leader-follower behavior and that for a leader’s behavior to be considered authentic, it must be seen to be regulating transparency in leader-staff relationships and ethical decision making. The key reason why transformational leaders motivate followers is that transformational leaders inspire trust and respect from their followers. This is consistent with the study since the mode indicates a skew towards the positive when measuring trust as an outcome of transformational leadership. The results in Table 4.20 show that more than 70% of the respondents agreed with the statement. This meant that transformational leadership as understood by the respondents was characterized by transparency.
Table 4.20: Descriptive statistics- Leaders transparency in their dealings

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>8</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>65</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Agree</td>
<td>149</td>
<td>49%</td>
<td>49%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>67</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>305</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.7.1.2 Leaders are role model and champion high standards of performance

Respondents were asked to either agree or disagree with the statement that their leaders champion high standards of performance and act as a role model. The results presented in Table 4.21 show that 75% of the respondents agree with the statement. This corresponded to Walumbwa and Hartnell (2011) assertion that staffs who come to relationally identify with transformational leaders exhibit greater efficacy hence improved performance.

Table 4.21: Descriptive statistics-Leaders are role model and champion high standards of performance

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>51</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Agree</td>
<td>132</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>98</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.7.1.3 Acceptance for Change Introduced by my Leaders

Hill, Seo, Kang and Taylor (2012) sought to study the effect of transformational leadership on staff’s affective and normative commitment to change. Their findings showed that while the organizational distance were significant influencers of staff’s affective and normative commitment to change, direct managers’ transformational leadership behaviors were not. This study contrasts with their findings. The descriptive statistics on the question whether staffs would freely accept any change introduced by leaders, 71% of the respondents agreed with the statement as presented in Table 4.22.

Table 4.22: Descriptive statistics- Acceptance for change introduced by my leaders

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>5</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>66</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>Agree</td>
<td>143</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>74</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.7.1.4 Opinion Expressed are Willingly Listened by Leadership

Respondents were asked whether they agreed or disagreed with the statement that they can express their opinions to their leaders and that their leaders are willing to listen. The results in Table 4.23 indicate that 67% of the respondents agreed with the statement.
Table 4.23: Descriptive statistics- Opinion expressed are willingly listened by leadership

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>10</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>35</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Moderately Agree</td>
<td>56</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Agree</td>
<td>147</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>58</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.7.1.5 Open and Accessible Organization leadership

Respondents were asked to respond whether they agree or disagree with the statement that the leadership in their organization is open and accessible. The results in Table 4.24 indicated that 67% of the respondents agreed with the statement.

Table 4.24: Descriptive statistics- Organizational leadership is open and accessible

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>11</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Disagree</td>
<td>29</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Moderately Agree</td>
<td>53</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Agree</td>
<td>131</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>82</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.7.2 Relationship between Trust and performance of staff in the microfinance institutions

Table 4.25 present model fit statistics for the regression model fitted to the data. The results show that trust as a result of transformational leadership explained 4% of staff performance.

Table 4.25: Model fit

<table>
<thead>
<tr>
<th>Indicator</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>.191</td>
<td>.036</td>
<td>.033</td>
<td>.48111</td>
</tr>
</tbody>
</table>

If the significance value is found to be less than 0.05, which is the significance value at our selected level of confidence, the null hypothesis is rejected. In this case since the model only has one predictor variable, rejection of the null hypothesis will mean that the model is significant in explaining the predictor variable.

Table 4.26 presents the Analysis of Variance (ANOVA) statistics. The results indicate that the model with one predictor variable (Trust) was statistically significant and predicts the dependent variable (Staff performance). This results is supported with the F-Statistic equal to 11.453 and the calculated p-value equal to 0.01<0.05.

This finding is consistent with that of Crossman, (2010) who found out that trust yields integrity, love, hope and faith. As long as staffs have these factors, then performance is assured. This study takes a basis that transformational leadership yields trust. This trust accords staff some level of goodwill that they associate with leadership thereby making them more vulnerable to them. The directions that leaders give and the commitment they have on the organization will cascade to the staff. Microfinance is very dependent on the staff on the ground who have a direct interaction with the clients. The level of confidence they exude determine the reception of the organization at grass root that level. Microfinance thrive on social capital (Nkamnebe, 2011) and this is what is required for staff thus the growth will be highly achievable.
Table 4.26: Analysis of variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.651</td>
<td>1</td>
<td>2.651</td>
<td>11.453</td>
<td>.001</td>
</tr>
<tr>
<td>Residual</td>
<td>70.365</td>
<td>304</td>
<td>.231</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>73.016</td>
<td>305</td>
<td>.231</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression coefficients of the model were presented in Table 4.27. From the analysis, trust as an outcome of transformational leadership was found to have a positive and significant relationship to staff performance ($r=0.116$, $p=0.01<0.05$). This means that a unitary increase in trust will lead to a corresponding 0.116 unit increase in staff performance.

This finding is consistent with that of Cheung and Wong (2011) who in study found out that staffs do not perform if they have no trust in leadership. This finding is supportive of a study by Bartram and Casimir, (2007) who in a study conducted on call center staff found that trust in a big way mediated satisfaction. Satisfied staff always give good performance in extension, Bartram and Casimir, (2007) discovered trust has some unique effects that change the self-concept of staffs. This defines the level to which the staffs engage with the organization and commit to the organization’s goals and achievements. They argue that trust has an empowerment impact on the behavior of staffs and this has an impact on the performance.

The specific model was:

$$\text{Staff performance} = 2.531 + 0.116X_2$$

Where $X_2$ is Trust

Table 4.27: Regression coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.531</td>
<td>.134</td>
<td>18.839</td>
<td>.000</td>
</tr>
<tr>
<td>Trust</td>
<td>.116</td>
<td>.034</td>
<td>3.384</td>
<td>.001</td>
</tr>
</tbody>
</table>

4.7.3 Hypothesis Testing for Staff Trust

The hypothesis was tested using the simple linear regression model as shown in table 4.27. The study sought to test the given null hypothesis:
$H_{02}$: Trust does not influence staff performance in micro-finance institutions in Kenya.

The criterion for rejecting null hypothesis is reject the null hypothesis if the calculated p-value is less than the critical p-value at 95% confidence level which is 0.05. The results in table 4.27 show that the p-value = 0.001 < 0.05, hence, the null hypothesis was rejected therefore trust influences staff performance in micro-finance institutions in Kenya. These findings are in line with the findings by Wong and Cummings (2009) who in their study of influence of leadership behaviors on staff trust found a significant relationship between transformational leadership and staff trust in their leaders.

4.8 Learning

4.8.1 Influence of Learning as an outcome of transformational leadership on the performance of microfinance institutions’ staff

The third objective of the study was to research the influence of learning as an outcome of transformational leadership on performance of staff in the microfinance institutions in Kenya. To measure the influence of learning as a result of transformational leadership, the respondents were asked to answer questions on 5 set likert scale. According to Dimovski and Škerlavaj (2009), organizational learning is one of the most important sources of sustainable competitive advantage and an important contributor to corporate performance. They argue that transformational leaders encourage expression of different ideas and views hence speeding up the process of knowledge acquisition and distribution. Dimovski and Škerlavaj (2009) also argue that previous research has found that transformational leadership influences organizational member’s ability to create and use knowledge.

4.8.1.1 Creation of Organizational Good Learning Environment

Zagoršek, Dimovski and Škerlavaj (2009) in their research found that there was a statistically significant relationship between transformational leadership and information acquisition. This study sought to find out how much respondents agreed with the statement that their organization has created a good learning environment. The results in Table 4.28 show that 73% of the respondents agreed with the statement hence complementing previous findings.
Table 4.28: Descriptive statistics- Creation of organizational good learning environment

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>11</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Disagree</td>
<td>21</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>50</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>Agree</td>
<td>144</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>80</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.8.1.2 New Ideas Reception and Implementation by Leadership

Respondents were asked to respond whether they agreed or disagreed with the statement that new ideas are well received by leadership and implemented. Table 4.29 indicates that most of the respondents totaling to 63% agree with the statement. This was similar to the assertion by Gumusluoglu and Ilsev (2009) that transformational leaders stimulated the intellect of their followers and encouraged staffs to think about old problems in new ways.

Table 4.29: Descriptive Statistics- New Ideas Reception and Implementation by Leadership

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>10</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>21</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>83</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Agree</td>
<td>133</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>59</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.8.1.3 Organization Leadership is open to Divergent New and takes Risk

According to Gumusluoglu and Ilsev (2009), because of the emotional ties between transformational leaders and their followers, staffs are more likely to respond to their leader’s needs. Gumusluoglu and Ilsev (2009) assert that transformational leadership may institute a working environment where eccentric and adventurous method tactics to resolving difficulties are highly valued. The results in table 4.30 indicated that 58% of the respondents tend to agree with the statement.

Table 4.30: Descriptive statistics- Organization leadership is Open to Divergent New and Takes Risk

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>14</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Disagree</td>
<td>43</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>72</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Agree</td>
<td>120</td>
<td>39%</td>
<td>39%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>57</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.8.1.4 Organization Gives Adequate Time for Learning

Transformational leadership has been dubbed supportive leadership due to the nature of the leaders. The respondents were asked how much they agree with the statement that they feel the organization gives adequate time for learning. The results in Table 4.31 shows that 60% of the respondents tend to agree with the statement.
4.8.1.5 Leadership Optimism and Enthusiasm

Van Eeden, Cilliers and Van Deventer (2008) in their study proposed that transformational leadership earns loyalty and that followers of transformational leaders will be more positive, hopeful and optimistic and about their organization and work situation. This study sought to find out from respondents whether they agreed with the statement that their leadership displayed optimism and enthusiasm. The results in Table 4.32 show that 65% of the respondents tend to agree with the statement.

Table 4.32: Descriptive Statistics- Leadership Optimism and Enthusiasm

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>10</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>37</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>75</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Agree</td>
<td>133</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>51</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
4.8.2 Relationship between Learning and performance of staff in the Microfinance Institutions

Table 4.33 shows the fitness of the regression model that includes one predictor variable, Learning, regressed against the dependent variable, staff performance. The results showed that learning as an outcome of transformation leadership explains 5% of the staff performance.

Table 4.33: Model fit

<table>
<thead>
<tr>
<th>Indicator</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Std. Error of the Durbin-Watson Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>.215</td>
<td>.046</td>
<td>.043</td>
<td>.47864</td>
</tr>
</tbody>
</table>

A statistically significant output is an output whose calculated p-value is less than the p-value at the selected level of confidence. The level of confidence used in this study was 95% level of confidence which corresponds to a p-value of 0.05. A calculated p-value of less than 0.05 will lead to a rejection of the hypothesis being tested.

Table 4.34 presented the ANOVA results for the regression model fitted using one predictor variable, learning. The null hypothesis being tested was that the regression coefficient of learning is equal to zero. The results show that the p-value is 0.00<0.05 hence we rejected the null hypothesis and conclude that the learning coefficient is not equal to zero. The results also show that learning is a good predictor of staff performance. The results are supported by the F-Statistic 14.707 and a p-value=0.00.

This finding is consistent with that of Herrmann et al., (2013) who found a very strong relationship amongst how people are lead and the learning to do new things. They found a high correlation amongst transformational leadership querying about how followers felt about their leaders and the environment that existed in organizations as a result of the leadership employed. Transformational leadership was found to not only cause learning possible in the followers but as giving an opportunity too for the leaders/ top executives to learn new techniques of doing things. A study by Trautmann, Maher, & Motley, (2007) supported the construction learning and transformational leadership finding a very positive relationship amongst learning and transformational leadership. Trutman et al.,(2005)
concluded that transformational leaders not only encourage learning but should bring as much as possible strategies that will support them incorporate learning.

Table 4.34: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.369</td>
<td>1</td>
<td>3.369</td>
<td>14.707</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>69.646</td>
<td>304</td>
<td>.229</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>73.016</td>
<td>305</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression coefficients of the model were presented in Table 4.35. The results show that learning has a positive and significant impact on staff performance ($r=0.127$, $p=0.000$). This means that a unitary increase in learning will lead to a corresponding 0.127 unit increase in staff performance. This finding is consistent with that of Guay (2013) who was able to prove that trust and performance have a positive relationship. He found leadership to be predetermined by the level of trust that the followers had on the leaders.

The specific model fit was:

Staff performance = $2.511 + 0.127X_3$

Where $X_3$ is learning.

Table 4.35: Regression Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.511</td>
<td>.124</td>
<td>20.195</td>
<td>.000</td>
</tr>
<tr>
<td>Learning</td>
<td>.127</td>
<td>.033</td>
<td>3.835</td>
<td>.000</td>
</tr>
</tbody>
</table>

4.8.3 Hypothesis Testing for Staff Learning

The hypothesis was tested using the simple linear regression model as shown in table 4.35. The study sought to test the given null hypothesis:

$H_{03}$: Trust does not influence staff learning in micro-finance institutions in Kenya.
The criterion for rejecting null hypothesis is reject the null hypothesis if the calculated p-value is less than the critical p-value at 95% confidence level which is 0.05. The results in table 4.35 show that the p-value =0.000<0.05, hence, the null hypothesis was rejected therefore learning influences staff performance in micro-finance institutions in Kenya.

4.9 Staff Satisfaction

4.9.1 Influence of staff satisfaction as an outcome of transformational leadership on the performance of microfinance institutions’ staff

The fourth objective of the study was to determine the influence that staff satisfaction has on performance of microfinance institutions’ staff in Kenya. To measure the influence of staff satisfaction, the respondents were asked to answer questions on 5 set likert scale. Bushra, Ahmad and Naveed (2011) in their study found that leadership has an imperative part in influencing staffs’ commitment more so job satisfaction. They also asserted that transformational leadership leads to job satisfaction and that satisfied staffs would be more creative and gainful for the organization. Such staffs would be more creative and innovative thus supporting the business to grow.

4.9.1.1 Organizational Leadership Satisfaction

Respondents were asked to what extent they agreed with the statement that they felt satisfied with their organization and its leadership. The results in Table 4.36 indicated that 64% of the respondents said they either agree or strongly agree with the statement. This tallies with the findings by Bushra, Ahmad, and Naveed (2011) that transformational leaders and their ability to identify and solve conflicts of staffs determines the staff’s perceptions and satisfaction about their leader’s performance.
### Table 4.36: Descriptive statistics - Organizational Leadership Satisfaction

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>9</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>18</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>83</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Agree</td>
<td>145</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>51</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### 4.9.1.2 Level of Personal Accomplishment at Work

Respondents were asked to state how much they agreed with the statement that their work makes them feel a high level of personal accomplishment. The results in Table 4.37 indicate that 68% of all the respondents surveyed indicated that they either agreed or strongly agreed with the statement. This shows transformative leaders tend to positively influence the feeling of personal accomplishment in their leaders.

### Table 4.37: Descriptive statistics - High level of Personal Accomplishment at Work

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>20</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>72</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Agree</td>
<td>146</td>
<td>48%</td>
<td>48%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>61</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.9.1.3 Decision Making Within the Organization

Findings by Azanza, Moriano and Molero (2013) indicate that when managers inspire staffs to be innovative and spend time to coach and teach them, reflect their personal feelings before effecting a decision, the staffs will develop their strengths and raise their commitment to the organization. Table 4.38 shows that only 46% of the respondents agreed that they feel they are well involved in the decision making of the organization.

Table 4.38: Descriptive statistics- Decision making within the organization

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>16</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Disagree</td>
<td>46</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Moderately Agree</td>
<td>102</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Agree</td>
<td>100</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>42</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.9.1.4 Customers Satisfaction with Leadership Decisions and Communication

When the customers facing staffs are satisfied and confident in their leaders, this will most likely be translated to good client relationships. This statement was backed-up by the findings as presented in table 4.39. 59% of the respondents said they either agree or strongly agree to the statement that their customers are satisfied with the decisions they communicate coming from the leaders.
Table 4.39: Descriptive Statistics- Customers Satisfaction with Leadership Decisions and Communication

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>33</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>85</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Agree</td>
<td>132</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>49</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.9.1.5 Job Opportunity Satisfaction

Transformation leadership inspires commitment of staffs to the organization. When staffs are committed to their organization, staff turnover is not a problem as staff are hopeful of career progression within the organization. Table 4.40 shows that 69% of the respondents either agree or strongly agree with the statement that they are satisfied with the opportunity of getting a better job in the organization.

Table 4.40: Descriptive Statistics- Job Opportunity Satisfaction

<table>
<thead>
<tr>
<th>Likert Scale</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Disagree</td>
<td>22</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Moderately agree</td>
<td>65</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>Agree</td>
<td>133</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>79</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>306</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

4.9.2 Relationship between staff satisfaction and performance of staff in the microfinance institutions

Table 4.41 shows the results obtained when a model with one predictor variable, staff satisfaction is fitted to the data and used to predict staff performance. The results show that
staff satisfaction as an outcome of transformational leadership accounts for 3% of the variance in staff performance.

**Table 4.41: Model fit**

<table>
<thead>
<tr>
<th>Variable</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coefficient</td>
<td>0.170</td>
<td>0.029</td>
<td>0.026</td>
<td>0.48299</td>
</tr>
</tbody>
</table>

The null hypothesis that the regression co-efficient variable for staff satisfaction was equal to zero was tested. The criterion for rejecting the null hypothesis was to reject the null hypothesis if the calculated p-value was found to be less than the p-value at 95% level of significance, which is 0.05. Table 4.42 presented the results of the analysis of variance test. The results indicate that staff satisfaction is a good predictor of staff performance and that the regression coefficient is significantly different from zero. The results were supported by the F statistic=8.996 and p=0.03<0.05.

This finding is consistent with that of Robins (2010) who observed that job satisfaction was related to feelings that one had on the job. These feelings determine how much a person dedicates to work. Performance at work depends not only on the presence at work but the level of engagement (Guay2013) and as Huay et al., (2009) indicate job satisfaction determine the level of absenteeism, the motivation towards grievance expression and tardiness. The level of morale determines the turnover levels as well as quality at work. This can be related to Kerry’s followership model that explains the alienated followers, sheep, survivors and the active followers based on the level of action and critical thinking. Huay et al., (2009) found a high correlation between job satisfaction and performance. This agrees with Jordan (2011) who looking at emotional intelligence and job satisfaction felt performance in organizations to relate positively with job satisfaction. Powell (2011) in a study of nonprofit institutions found that the more satisfied a firm staffs are the more likely that they are going to be innovative and the higher the institution will be able to meet their goals.
The regression coefficients of the model were presented in Table 4.43. The results show that staff satisfaction has a positive and significant effect on staff satisfaction, \((r=0.104, p=0.03<0.05)\). This means that for every unit increase in staff performance, there is a corresponding increase of 0.104 units in staff performance.

This finding agrees with that of Mayfield and Mayfield (2010) who found out that leadership model and the dyadic relationship that exist between a leader and the follower determine the satisfaction levels and have positive relationship with staffs’ outcomes. This brings a question which affect the kind of relationship that exist. Does job satisfaction yield performance or does performance brings about job satisfaction? Mayfield and Mayfield (2010) tends to see job satisfaction more of a moderating factor towards performance. Thus, there exists a gap in finding out the direction of this relationship, which this study seeks to unveil.

The specific model was:

$$\text{Staff performance} = 2.597 + 0.104X_4$$

Where \(X_4\) is staff satisfaction.

**Table 4.43: Regression Coefficients**

<table>
<thead>
<tr>
<th>Variable</th>
<th>(B)</th>
<th>Std. Error</th>
<th>(t)</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.597</td>
<td>0.129</td>
<td>20.076</td>
<td>0.000</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.104</td>
<td>0.035</td>
<td>2.999</td>
<td>0.003</td>
</tr>
</tbody>
</table>

**4.9.3 Hypothesis Testing for Staff satisfaction**

The hypothesis was tested using the simple linear regression model as shown in table 4.43. The study sought to test the given null hypothesis:
$H_{04}$: Staff satisfaction does not influence staff satisfaction in micro-finance institutions in Kenya.

The criterion for rejecting null hypothesis is reject the null hypothesis if the calculated p-value is less than the critical p-value at 95% confidence level which is 0.05. The results in table 4.43 show that the p-value =0.003<0.05, hence, the null hypothesis was rejected therefore staff satisfaction influences staff performance in micro-finance institutions in Kenya. These findings are consistent with the findings of Voon, Ayob (2011) who in their study found that transformational leadership had a positive relationship to job satisfaction, and that the transformational type of leadership eventually improves an organization’s performance.

4.10 Correlation Analysis

Correlation analysis was carried out to detect the association between the dependent variable, organizational performance and the independent variables of staff satisfaction, staff learning, trust in leadership and staff commitment. The mean score for each of the independent variables was calculated and the Pearson’s correlation obtained using SPSS. The results in table 4.44 indicated that organizational performance of micro-finance institutions was positively and significantly related to satisfaction of micro-finance staff ($r=0.170$, $p=0.03<0.05$). Staff learning was positively related to organizational performance ($r=0.215$, $p=0.00<0.05$) while staff trust in their leadership ($r=0.191$, $p=0.01<0.05$) and staff commitment to the organization ($r=0.231$, $p=0.000<0.05$) are also positively related to organizational performance of micro-finance institutions.

A study by Sila (2014) concluded that staff satisfaction in their jobs at Kenya Women Finance Trust contributed by staff promotions and opportunities for personal growth led to better performance of the staff at work. This was consistent with the findings of the current study. Sila (2014) also argued that staff training was important for any micro-finance institution to prosper. This was because staff training and learning opportunities improves service delivery. The findings of the study are in line with the correlation analysis. Bushra and Naveed (2011) in their study of how transformational leadership influences staff satisfaction and commitment found a positive and significant relationship between transformational leadership, which is characterized by the followers believing in the leader’s vision, and staff productivity and organizational performance. Also committed staff as a result of an enhanced interpersonal relationship between the leader and the staff leads to
competitive growth of an organization, (Bushra & Naveed, 2011). Both these findings were consistent with the findings of the correlation analysis presented in the current study.

Table 4.44: Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Staff Satisfaction</th>
<th>Staff Learning</th>
<th>Trust in Leadership</th>
<th>Staff Commitment</th>
<th>Organizational Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Satisfaction</td>
<td>Correlation p-value</td>
<td>.743 1.000</td>
<td>.660 .730 1.000</td>
<td>.549 .580 .661 1.000</td>
<td></td>
</tr>
<tr>
<td>Staff Learning</td>
<td>Correlation p-value</td>
<td>.000</td>
<td>.000 .000</td>
<td>.000 .000 .000</td>
<td></td>
</tr>
<tr>
<td>Trust in Leadership</td>
<td>Correlation p-value</td>
<td>.170 .215 .191 .231 1.000</td>
<td>.003* .000* .001* .000*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

4.11 Multiple Regression

The fifth objective of the study was to examine the combined influence of trust, commitment, learning and staff satisfaction as outcomes of transformational leadership on performance of Kenyan Microfinance institutions. This was achieved using a multiple regression model. Table 4.45 presents the results of the model fit. The results show that commitment, trust, learning and staff satisfaction explain 76.3% of the variance in the staff performance of micro-finance staff.

Table 4.45: Model fit

<table>
<thead>
<tr>
<th>Variable Coefficient</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.873</td>
<td>0.763</td>
<td>.061</td>
<td>.53272</td>
</tr>
</tbody>
</table>
Table 4.45 shows the results obtained when a model with all predictor variables, is fitted to the data and used to predict staff performance. The results show that transformational leadership accounts for 76\% of the variance in staff performance. This implies that transformational leadership contributed to 76\% in the performance of staff in the microfinance.

The findings also show that the overall model is statistically significant at 95\% level of significance. The results show that the F-Statistic is equal to 5.096 with a significance of 0.01<0.05. This means that at least one of regression coefficients of the independent variable is not equal to zero. Table 4.46 presented the results of the analysis of variance test.

Table 4.46: Analysis of variance

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.569</td>
<td>1</td>
<td>1.569</td>
<td>5.096</td>
</tr>
<tr>
<td>Residual</td>
<td>68.421</td>
<td>304</td>
<td>.183</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>69.90</td>
<td>305</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results indicate that transformational leadership is a good predictor of staff performance and that the regression coefficient is significantly different from zero. The results were supported by the F statistic=5.096 and p=0.001<0.05.

The hypothesis was tested using ANOVA results as shown in table 4.46. The study sought to test the given null hypothesis:

\( H_0:5 \): Staff Trust, learning, staff satisfaction and staff commitment as outcomes of transformational leadership do not influence the performance of Kenyan microfinance institutions’ staff.

The criterion for rejecting null hypothesis is reject the null hypothesis if the calculated p-value is less than the critical p-value at 95\% confidence level which is 0.05. The results in table 4.46 show that the p-value =0.001<0.05, hence, the null hypothesis was rejected therefore Staff Trust, learning, staff satisfaction and staff commitment as outcomes of transformational leadership influence the performance of Kenyan microfinance institutions’ staff.
Table 4.47: Multiple Regression Coefficient

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.301</td>
<td>.160</td>
<td>14.408</td>
<td>.000</td>
</tr>
<tr>
<td>Staff commitment</td>
<td>.107</td>
<td>.049</td>
<td>2.184</td>
<td>.030</td>
</tr>
<tr>
<td>Staff trust</td>
<td>-.005</td>
<td>.056</td>
<td>-.086</td>
<td>.932</td>
</tr>
<tr>
<td>Staff learning</td>
<td>.082</td>
<td>.056</td>
<td>1.451</td>
<td>.148</td>
</tr>
<tr>
<td>Staff satisfaction</td>
<td>-.012</td>
<td>.053</td>
<td>-.226</td>
<td>.822</td>
</tr>
</tbody>
</table>

From table 4.47, the study result indicated that a unit increase in staff commitment leads to an increase in performance by 10.7%. A unit increase in staff learning leads to an increase in performance by 8.2%. A unit increase in staff satisfaction by one unit, leads to a decrease in performance by 1% of the staff performance. Similarly, an increase in staff trust by one unit, leads to a decrease in performance by 0.5%.

The results further indicate that commitment has a positive and significant relationship to staff performance, \( r=0.107, p=0.030 \) while trust has a negative and insignificant coefficient of \( r=-0.005, p=0.192 \). Learning has a positive but insignificant relationship to staff performance \( r=0.082, p=0.148 \) while staff satisfaction has a negative but insignificant relationship to staff performance \( r=-0.12, p=0.822 \).

This finding agree with that of Zhout *et al.*, (2008) who argued that job satisfaction has a significant relationship with return on Assets. They argue that satisfied staffs are more productive in their jobs, they have a strong feeling of participation and involvement, and this elevates the goals and behavior to high levels. Job satisfaction has been studied against organizational environment with behavior resulting as a moderator (Amzat 2012; Siddique 2011) but consistency has been found on positive relation between satisfaction and performance all through. Leader effectiveness and satisfaction has been subject of study effectiveness correlating highly with satisfaction, (Sun & Leithwood, 2015) found out that satisfaction with a leaders is a matter of perceptions and this depends on the reception the follower has on the leader which is individual in nature. This therefore brings a complication where different leaders get different impacts on individual staff and this being common, some members will be satisfied and others unsatisfied at any given time. This complicates the variable of job satisfaction as a measure of performance.

The specific model is as defined below:

\[
\text{Staff performance} = 2.301 + 0.107X_1 -0.005X_2 +0.082X_3 -0.012X_4
\]
Where;

\( X_1 = \text{Staff commitment} \)

\( X_2 = \text{Staff trust} \)

\( X_3 = \text{Staff learning} \)

\( X_4 = \text{Staff satisfaction} \)

4.12 Test for the Moderating Effect of New Entrance

The sixth objective of the study was to establish the moderating effect of new entrance on the relationship between transformational leadership outcomes and performance of staff in Microfinance Institutions in Kenya

\( H_{06}: \text{New entrance does not moderate the relationship between transformational leadership outcomes and performance of staff in Microfinance Institutions in Kenya.} \)

The hypothesis testing on the moderating variable was done after combining all the independent variables of staff motivation, staff trust, staff learning and staff satisfaction into one composite variable. To test the hypothesis, a multiple linear regression was fitted to the data with the composite variable of all independent variables, new entrance and interaction term as the predictor variable and staff performance as the dependent variable. The criterion for rejection of the null hypothesis is reject the null hypothesis is the calculated p-value is greater than 0.05 which means that moderation is not supported. The results were presented in table 4.48. The optimal model is:

\[
\text{Staff performance} = \alpha + X + M + X^*M
\]

Where;

\( X = \text{Composite of Independent variables} \)

\( M = \text{New Entrance} \)

\( X^*M = \text{Interaction term (Interaction between independent variables and New entrance (moderator))} \)

The null hypothesis is that there was no significant moderating effect of staff turn-over on the performance of staff in micro-finance institutions in Kenya.
The results in table 4.48 show that the p-value for new entrance is 0.526, which was greater than 0.05, which is the p-value at 95% confidence level. The new entrance is not a statistically significant moderating variable to the staff performance of micro-finance institutions in Kenya.

4.13 Summary of the Hypothesis

Table 4.49 presented the summary of the objectives and hypothesis results. The criteria to reject the null hypothesis were presented as well as the findings of the hypothesis testing for each of the objectives.
<table>
<thead>
<tr>
<th>Objective No</th>
<th>Objective</th>
<th>Hypothesis</th>
<th>Rule</th>
<th>p-value</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1</td>
<td>To examine the influence of commitment as an outcome of transformational leadership on the performance of staff of microfinance institutions in Kenya</td>
<td>Ho: Commitment of staff does not influence their performance in Microfinance institutions in Kenya</td>
<td>Reject Ho if p value &lt;0.05</td>
<td>p&lt;0.05</td>
<td>The null hypothesis was rejected, therefore there is a significant relationship between staff commitment as an outcome of transformational leadership on the performance of staff of microfinance institutions in Kenya</td>
</tr>
<tr>
<td>Objective 2</td>
<td>To examine the influence of trust as an outcome of transformational leadership has on the performance of microfinance institutions’ staff.</td>
<td>Ho: Trust in leaders by staff does not influence their performance of Microfinance Institutions in Kenya</td>
<td>Reject Ho if p value &lt;0.05</td>
<td>P&lt;0.05</td>
<td>The null hypothesis was rejected, therefore there is a significant relationship between staff trust as an outcome of transformational leadership has on the performance of microfinance institutions’ staff.</td>
</tr>
<tr>
<td>Objective 3</td>
<td>To examine the influence that learning as an outcome of transformational leadership has on performance of staff in the microfinance institutions in Kenya.</td>
<td>Ho: Learning as an outcome of Transformation leadership does not influence the performance of staff in Microfinance Institutions in Kenya</td>
<td>Reject Ho if p value &lt;0.05</td>
<td>P&lt;0.05</td>
<td>The null hypothesis was rejected, therefore there is a significant relationship between learning as an outcome of transformational leadership has on performance of staff in the microfinance institutions in Kenya.</td>
</tr>
<tr>
<td>Objective 4</td>
<td>To examine the influence that staff satisfaction has on performance of microfinance institutions’ staff in Kenya.</td>
<td>Ho: Staff satisfaction does not influence their performance in microfinance institutions in Kenya</td>
<td>Reject Ho if p value &lt;0.05</td>
<td>P&lt;0.05</td>
<td>The null hypothesis was rejected; therefore there is a significant relationship between staff satisfaction and performance of microfinance institutions’ staff in Kenya.</td>
</tr>
<tr>
<td>Objective No</td>
<td>Objective</td>
<td>Hypothesis</td>
<td>Rule</td>
<td>p-value</td>
<td>Comment</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td>------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>To investigate the moderating effect of New entrance on performance of microfinance institutions’ staff in Kenya.</td>
<td>H0: There is no significant moderating effect of new entrance on performance of microfinance institutions’ staff in Kenya.</td>
<td>Reject Ho if p value of interaction term &lt;0.05</td>
<td>The p value of interaction term &gt;0.05</td>
<td>The null hypothesis was not rejected; therefore, there new entrance does not moderate the relationship between transformational leadership outcome and performance of microfinance institutions’ staff in Kenya.</td>
</tr>
</tbody>
</table>
4.14 Chapter Summary

This chapter summarizes the findings of the data analysis conducted on the data collected in the course of this study. The data was collected from staff working in micro-finance institutions in Kenya with a response rate of 80%. The data was then summarized descriptively in tables presenting the demographic characteristics of the respondents. Diagnostic tests were conducted on the data before fitting a linear regression model to test the hypothesis defined in chapter two of this thesis. The independent variables were staff commitment, staff trust, organizational learning and staff satisfaction while the dependent variable was staff performance. The individual regression model for each of the dependent variables indicates that each of the independent variables has a significant influence on performance of staff in micro-finance institutions in Kenya. Correlation analysis was also carried out to determine the relationship between the variables in the data. In conclusion, the defined hypotheses were concluded based on the regression model fitted to the data.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter introduces the outline of the discoveries, the conclusion and suggestions. This is done according to the goals of the analysis. The analysis inspected the impact that transformational leadership outcomes results have on performance of staff in Microfinance Institutions in Kenya and contribute towards MFI leadership. Areas of further research were additionally proposed.

5.2 Summary of the Study

The general purpose of the study was to examine the influence of transformational leadership outcomes on performance of staff in Microfinance Institutions in Kenya and contribute towards MFI leadership. The specific objectives that guided the study were: to examine the influence of trust as an outcome of transformational leadership on the performance of microfinance institutions’ staff, to examine the influence that learning as an outcome of transformational leadership has on performance of staff in the microfinance institutions in Kenya, to examine the influence that staff satisfaction has on performance of microfinance institutions’ staff in Kenya, to examine the influence of commitment as an outcome of transformational leadership on the performance of staff of microfinance institutions in Kenya and finally to examine the combined influence of trust, commitment, learning and staff satisfaction as outcomes of transformational leadership on performance of Microfinance institutions in Kenya. The intervening variable for the study was new entrants, which included technology, management style and poaching of staff.

The study employed descriptive research design. Cross sectional approach was used due to the constraint of time compared to longitudinal approach. This design enabled the researcher to define dependent and independent variable studied. The target population of the study was 250 senior managers, 700 middle level managers and 4,883 other microfinance staff. Stratified sampling technique was used to select the respondents from the three different selected categories of staffs of microfinance. The sample sizes of the study were 16 senior managers, 46 middle level managers and 323 other microfinance
staff as drawn from the Cochran’s table. Survey method was first used to assess the leadership style of the MFI.

A pilot study was undertaken to verify reliability of the questionnaires, before the actual study. The piloting was done within the institutions branches in Embu County. The selection of the pilot was done using purposive sampling. Cronbach alpha test was used to test reliability and the benchmark was 70%, which as Tavokal and Dennick (2011) argue was a good measure of consistency. Upon completion of data entry, data cleaning, computation and analysis was done using the SPSS software where output were generated for all data entered while checking for any missing responses. In addition, correlation and regression to test for relationships while a multiple regression model was used to determine the combined effect on the relationship between the outcomes and performance.

The first objective of the study was to determine the influence of commitment as an outcome of transformational leadership on the performance of microfinance institutions’ staff. Correlation result indicated staff commitment to the organization (r=0.231, p=0.000<0.05) were also positively related to organizational performance of microfinance institutions. Regression analysis indicated that commitment explains 5% of the microfinance staff’s performance. This meant that staff commitment significantly predicted staff performance in micro-finance institutions. This was supported by the F-statistic=17.144 and a significance value of 0.000<0.05. Finally staff commitment as an outcome of transformational leadership had a positive and significant relationship to staff performance (r=0.149, p=0.000).

The second objective of the study was to measure the influence of trust as an outcome of transformational leadership on the performance of microfinance institutions’ staff. Correlation analysis result indicated that staff trust in their leadership (r=0.191, p=0.01<0.05). Regression analysis indicated that trust as a result of transformative leadership explained 4% of staff performance. Trust was statistically significant and predicted the dependent variable (Staff performance). This results was supported with the F-Statistic equal to 11.453 and the calculated p-value equal to 0.01<0.05. From the analysis, trust as an outcome of transformational leadership was found to have a positive and significant relationship to staff performance (r=0.116, p=0.01<0.05).
The third objective of the study was to examine the influence that learning as an outcome of transformational leadership has on performance of staff in the microfinance institutions in Kenya. Correlation result indicated that staff learning was positively related to organizational performance \( (r=0.215, p=0.00<0.05) \). Regression analysis indicated that learning as an outcome of transformational leadership explains 5% of the staff performance. The results also show that the \( p \)-value is 0.00<0.05 hence rejected the null hypothesis and concluded that the learning co-efficient was not equal to zero. The results also show that learning was a good predictor of staff performance. The results were supported by the F-Statistic 14.707 and a \( p \)-value=0.00. The results show that learning has a positive and significant impact on staff performance \( (r=0.127, p=0.000) \).

The fourth objective of the study was to examine the influence that staff satisfaction has on performance of microfinance institutions’ staff in Kenya. Correlation result indicated that organizational performance of micro-finance institutions was positively and significantly related to satisfaction of micro-finance staff \( (r=0.170, p=0.03<0.05) \). Regression analysis indicated that staff satisfaction as an outcome of transformational leadership accounts for 3% of the variance in staff performance. The results indicated that staff satisfaction was a good predictor of staff performance and that the regression coefficient was significantly different from zero. The results were supported by the F statistic=8.996 and \( p=0.03<0.05 \).The results show that staff satisfaction had a positive and significant effect on staff satisfaction, \( (r=0.104, p=0.03<0.05) \).

5.3 Discussion of the Findings

5.3.1 Commitment

The first objective of the study was to determine the influence of commitment as an outcome of transformational leadership on the performance of microfinance institutions’ staff. Correlation result indicated staff commitment to the organization \( (r=0.231, p=0.000<0.05) \) were also positively related to organizational performance of micro-finance institutions. Regression analysis indicated that commitment explains 5% of the microfinance staff’s performance. This meant that staff commitment significantly predicted staff performance in micro-finance institutions.

The regression results showed that commitment explained 5% of the microfinance staff’s performance. The ANOVA test for the regression model was done with the dependent
variable being the mean of staff performance and one predictor variable, the mean score for commitment. The results indicated that the regression model was statistically significant. This meant that staff commitment significantly predicts staff performance in micro-finance institutions. This was supported by the F-statistic=17.144 and a significance value of 0.000<0.05. The results further indicated that staff commitment as an outcome of transformational leadership had a positive and significant relationship to staff performance (r=0.149, p=0.000). This was interpreted to mean that a unitary increase in the mean of commitment would lead to a corresponding 0.14 unit increase in the mean of staff performance.

The results confirmed that of Tracey and Hinkin (2012), transformational leadership has direct impact on staff’s perception of role and mission clarity and these observations subsequently impact follower perceptions of leader efficiency. This finding is consistent with that of Joo et al., (2012) who discovered that transformational leadership was related with very high self-evaluations that include efficacy, high self-realize, and high control locus and stability in emotions that foster commitment within the organization. The commitment he adds fosters the level of openness bringing about creativity forth betterment of the organization.

Neinegner et al., (2010) correlated commitment and organization performance and discovered a very strong relationship amongst the two. The null hypothesis in this case was that commitment of staff does not influence their performance in micro-finance institutions in Kenya. The p-value =0.030<0.05 hence the study rejected the null hypothesis that commitment of staff does not influences their performance in micro-finance institutions in Kenya. The results conformed to that of Joo et al., (2012) who found out that transformational leadership was associated with very high self-evaluations that included high self-realize, efficacy and high locus of control and stability in emotions that foster commitment within the organization. The commitment he added fosters the level of openness bringing about creativity forth betterment of the organization. Further, the result informed that of Neinegner et al., (2010) who correlated commitment and firm’s performance and found a very strong relationship between the two. Goodwin et al., (2011) also agreed with these sentiments and view commitment as a stimulant to the follower to change motives believes and values this brings about new capabilities.
Moriart (2014) found that committed staff do not attach a lot of value in the pay. A firm that is just interested in increasing profitability or a firm that has financial crisis can bank on staff that even though salaries are reduced in which case expenses are lowered, the staff will still remain in the organization. Committed staff are willing to engage in decision-making and thus improve the decision-making abilities of the organization. These findings tally with the findings of Onyango (2009) who carried out a study to determine effects of transformational leadership style on talent management and commitment. The findings from the study indicate the existence of a positive significant relationship between transformational leadership style and talent management and staff commitment that translates to better staff performance. The results conformed to that of Joo et al., (2012) who found out that transformational leadership was associated with very high self-evaluations that included high self-realize, efficacy and high locus of control and stability in emotions that foster commitment within the organization. The commitment he added fosters the level of openness bringing about creativity forth betterment of the organization. Further, the result informed that of Neinegner et al., (2010) who correlated commitment and firm’s performance and found a very strong relationship between the two

This finding agrees with that of Goodwinet.al. (2011) who argue that commitment as a stimulant to the follower to change motives believes and values this bring about new capabilities. Through commitment staff the firm can obtain discount for labor although this was discouraged, Moriart (2014) found that committed staff do not attach a lot of value in the pay. A firm that is just interested in increasing profitability or a firm that has financial crisis can bank on staff that even though salaries are reduced in which case expenses are lowered, the staff will still remain in the organization. Committed staff are willing to engage in decision-making and thus improve the decision-making abilities of the organization. RBV theory indicates that the quality of decision-making differentiates one organization from the other (Bearny, 2001) giving rise to competitive advantage.

5.3.2 Trust

The second objective of the study was to measure the influence of trust as an outcome of transformational leadership on the performance of microfinance institutions’ staff. Correlation analysis result indicated that staff trust in their leadership (r=0.191, p=0.01<0.05). Regression analysis indicated that trust as a result of transformative leadership explained 4% of staff performance. Trust was statistically significant and
predicted the dependent variable (Staff performance). From the analysis, trust as an outcome of transformational leadership was found to have a positive and significant relationship to staff performance \( (r=0.116, p=0.01<0.05) \).

The regression results showed that trust as a result of transformative leadership outcome explained 4% of staff performance. The Analysis of Variance (ANOVA) statistics results indicated that the model with one predictor variable (Trust) was statistically significant and predicted the dependent variable (Staff performance). The results were supported with the F-Statistic equal to 11.453 and the calculated p-value equal to 0.01<0.05. From the analysis, trust as an outcome of transformational leadership was found to have a positive and significant relationship to staff performance \( (r=0.116, p=0.01<0.05) \). This meant that a unitary increase in trust would lead to a corresponding 0.116 unit increase in staff performance.

This finding is consistent with that of Crossman, (2010) who found out that trust yields integrity, love, hope and faith. As long as staffs have these factors, then performance is assured. This study takes a basis that transformational leadership yields trust. This trust accords staff some level of goodwill that they associate with leadership thereby making them more vulnerable to them. The null hypothesis that was tested was that trust does not influence the performance of staff in micro-finance institutions in Kenya. These findings are also consistent with that of Cheung and Wong (2011) who in study found out that staffs do not perform if they have no trust in leadership. The study rejected the null hypothesis and affirmed that trust influence the performance of staff in micro-finance institutions in Kenya because the p value was 0.001< 0.05 the conventional significance level.

The results of the study informed that of Cheung and Wong (2011) who in study found out that staffs do not perform if they had no trust in leadership. This finding was supportive of a study by Bartram and Casimir, (2007) who in a study conducted on call center staff found that trust in a big way mediated satisfaction. Satisfied staff always give good performance in addition; Bartram and Casimir (2007) found that trust had some unique effects that changed the self-concept of staffs. This defined the level to which the staffs engage with the organization and commit to the organization’s goals and achievements. They argued that trust had an empowerment impact on the behavior of staffs and this had an impact on the performance.
The results further informed that of Crossman, (2010) who in another study found out that trust yields integrity, love, hope and faith. As long as staffs had these factors, then performance was assured. This study therefore takes a basis that transformational leadership yields trust. This trust accords staff some level of goodwill that they associate with leadership thereby making them more vulnerable to them thus increased performance of staff in Microfinance Institutions in Kenya. This tie to the findings by Van Eeden, Cilliers and Van Deventer (2008) who described a transformational leader as an individual who acts as a mentor, gives personal attention and is willing to listen to others.

This finding was supportive of a study by Bartram and Casimir, (2007) who in a study conducted on call center staff found that trust in a big way mediated satisfaction. Satisfied staff always give good performance in addition; Bartram and Casimir (2007) found that trust had some unique effects that changed the self-concept of staffs. This defined the level to which the staffs engage with the organization and commit to the organization’s goals and achievements. They argued that trust had an empowerment impact on the behavior of staffs and this had an impact on the performance.

5.3.3 Learning

The third objective of the study was to examine the influence that learning as an outcome of transformational leadership has on performance of staff in the microfinance institutions in Kenya. Correlation result indicated that staff learning was positively related to organizational performance ($r=0.215$, $p=0.00<0.05$). Regression analysis indicated that learning as an outcome of transformation leadership explains 4.6% of the staff performance. The results also show that the $p$-value is $0.00<0.05$ hence rejected the null hypothesis and concluded that the learning co-efficient was not equal to zero. The results also show that learning was a good predictor of staff performance.

Regression results indicated that learning as an outcome of transformation leadership explained 5% of the staff performance. ANOVA results also showed that learning is a good predictor of staff performance. The results are supported by the F-Statistic 14.707 and a $p$-value=0.00. The results showed that learning had a positive and significant impact on staff performance ($r=0.127$, $p=0.000$). This meant that a unitary increase in learning would lead to a corresponding 0.127 unit increase in staff performance. The null hypothesis that was tested was that learning does not influence the performance of staff in
micro-finance institutions in Kenya. The null hypothesis was rejected, as the p values was 0.00<0.05 the significance probability value thus learning influences the performance of staff in micro-finance institutions in Kenya.

The result were in line with those of Loone et al., (2011) who studied transformational leadership in relation to learning and found that organizational learning was highly predicted by transformational leadership. In their study, idealized influence and individualized consideration behaviors of transformational leadership were more predictive than the other behaviorism line with Coad and Berruy. They argued that leaders were able to enhance job-related learning on recognition of the growth needs of the people they lead. They thus needed to provide them with personal guidance and goal directed development. This finding are also consistent with that of Guay (2013) who was able to prove that trust and performance have a positive relationship.

This finding is consistent with that of Herrmann et al., (2013) who found a very strong relationship amongst how people are lead and the learning to do new things. They found a high correlation amongst transformational leadership querying about how followers felt about their leaders and the environment that existed in organizations as a result of the leadership employed. Transformational leadership was found to not only cause learning possible in the followers but as giving an opportunity too for the leaders/ top executives to learn new techniques of doing things. A study by Trautmann, Maher, and Motley, (2007) supported the construction learning and transformational leadership finding a very positive relationship amongst learning and transformational leadership.

Similarly, Camps and Rodríguez, (2011) found a positive relationship between staffs ability to learn when they considered their leaders to be transformational. They also found that individual performance and transformational leadership have significant influence on the group. Further, they found that the effects of transformational leadership on performance are mediated by organizational learning capability. They thus concluded that the results of a company are greatly influenced by organizational learning capacity. In this study, learning has significant influence on the performance of staff in Microfinance Institutions in Kenya.
5.3.4 Staff Satisfaction

The fourth objective of the study was to examine the influence that staff satisfaction has on performance of microfinance institutions’ staff in Kenya. Correlation result indicated that organizational performance of micro-finance institutions was positively and significantly related to satisfaction of micro-finance staff ($r=0.170$, $p=0.03<0.05$). Regression analysis indicated that staff satisfaction as an outcome of transformational leadership accounts for 3% of the variance in staff performance. The results indicated that staff satisfaction was a good predictor of staff performance and that the regression coefficient was significantly different from zero.

The results showed that staff satisfaction as an outcome of transformational leadership accounted for 3% of the variance in staff performance. Analysis of variance test results indicated that staff satisfaction is a good predictor of staff performance and that the regression coefficient is significantly different from zero. The results were supported by the F statistic=$8.996$ and $p=0.03<0.05$. The results show that staff satisfaction had a positive and significant effect on staff satisfaction, ($r=0.104$, $p=0.03<0.05$). This meant that for every unit increase in staff performance, there is a corresponding increase of 0.104 units in staff performance. The null hypothesis of the study was that staff satisfaction as an outcome of transformational leadership does not influence the performance of staff in micro-finance institutions in Kenya. The null hypothesis was rejected as the p values was $0.003<0.05$ the significance probability value thus staff satisfaction influences the performance of staff in micro-finance institutions in Kenya.

The results were in tandem with that of Huay et al., (2009) who found a high correlation between job satisfaction and performance. This agreed with Jordan (2011) who was looking at emotional intelligence and job satisfaction felt performance in organizations to relate positively with job satisfaction. Powell (2011) in a study of nonprofit institutions also found that the more satisfied a firm staffs are the more likely that they are going to be innovative and the higher the institution will be able to meet their goals. This affirms that job satisfaction had a significant influence on the performance of staff in Microfinance Institutions in Kenya.

The hypothesis of the study was tested using the multiple linear regression model. The results show that commitment, trust, learning and staff satisfaction explained 96% of the
variance in the staff performance of micro-finance staff. The findings also show that the overall model was statistically significant at 95% level of significance. The null hypothesis that the regression coefficients of the independent variable are equal to zero was rejected based on the ANOVA test results. The results showed that the F-Statistic was equal to 4.844 with a significance of 0.01<0.05. This means that at least one of regression coefficients of the independent variable was not equal to zero.

The results further indicated that commitment had a positive and significant relationship to staff performance, i.e. commitment (r=0.107, p=0.038) while trust had a co-efficient equal to -0.005(p=0.932). Learning had a positive but insignificant relationship to staff performance (r=0.082, p=0.148) while Staff satisfaction was found to have a negative but insignificant relationship to staff performance (r=-0.012, p=0.822).

The hypothesis results affirmed that of Moriart (2014) who found that committed staff do not attach a lot of value in the pay. A firm that is just interested in increasing profitability or a firm that has financial crisis can bank on staff that even though salaries are reduced in which case expenses are lowered, the staff will still remain in the organization. Committed staff are always willing to engage in decision-making and thus improve the decision-making abilities of the organization leading to increased performances. Guay (2013) also was able to prove that trust and performance had a positive relationship. He found leadership outcome to be predetermined by the level of trust that the followers had on the leaders. This can amply that trust in leadership can enhance performance of staff in an organization.

Similarly, the hypothesis results informed that of Trautmann, Maher, & Motley, (2007) who supported the construction learning and transformational leadership finding a very positive relationship between learning and transformational leadership. Trutman et.al (2005) concluded that transformational leaders not only encourage learning but should bring as much as possible strategies that will support them incorporate learning. Further Zhout et al., (2008) found that job satisfaction had a significant relationship with return on Assets. They argue that satisfied staffs are more productive in their jobs, they have a strong feeling of participation and involvement, and this elevates the goals and behavior to high levels.
5.3.5 Moderating Effect of Combined Variable

Regression analysis showed that relationship between the independent variables and moderating variable (new entrance) was statistically insignificant, new entrance did not moderate the relationship between transformational leadership outcomes and performance of staff in Microfinance Institutions in Kenya, and hence moderation was not supported. Since the calculated p value of the interaction term was 0.526 that was greater than 0.005, the null hypothesis was not rejected and thus new entrance does not have a significant moderating effect on relationship between transformational leadership outcomes and performance of staff in Microfinance Institutions in Kenya. The study of product entry by Green, Barclay and Ryans (2015), supported the inclusion of three entry dimensions (i.e., timing of entry, magnitude of investment, area of competitive emphasis) and performance. In the previous studies, most researchers focused on single method components (usually on entry order or entry mode).

5.3.6 Implication of the Study to Practice

The study findings indicated that transformational leadership outcomes influenced microfinance staff performance. In particular, staff commitment, trust, learning and their staff satisfaction are imperative facets that influence the performance of staff in any organization. The principles of any organization human resource management method should focus on encouraging and motivating their staff. Motivated staff will always commit to fulfil their tasks and responsibilities and thus perform to the latter. The concept of trust is critical and any organization should build trust among its staffs. Trust among the staffs and management will encourage openness, transparency and accountability. This will in turn impact the performance of the staff in the organization. Training will always impart innovativeness and entrepreneur knowledge among the staffs thus better performance. Staff satisfaction should be enhanced for efficiency in the organizations. Ultimately, any organization that works on their staff commitment, trust, learning and satisfaction will perform better and remain competitive.

5.3.7 Contributions of the Study to Knowledge and Theory

The study findings indicated that transformational leadership outcomes influence the performance of microfinance staff. The study has expanded knowledge in the field of leadership and in particular the concept of transformative leadership. Staff commitment,
trust, learning and satisfaction have been elucidated to be important components of transformative leadership. These components influence the organization performance conjunctively and disjunctively. On transformative leadership theory, the study affirmed the concepts of inspirational motivation, intellectual stimulation, organization commitment and staff performance.

5.4 Conclusion

5.4.1 Commitment

The study concluded that staff commitment as an outcome of transformational leadership had a positive and significant relationship to staff performance in micro-finance institutions in Kenya. The study rejected the null hypothesis and concluded that commitment of staff influences their performance in micro-finance institutions in Kenya. Committed staff are willing to engage in decision-making and thus increase the decision-making abilities of the organization and to increase the profitability of the organization. Transformative leadership is associated with very high self-evaluations that include high efficacy, self-realize, and high locus of control and stability in emotions that foster commitment within the organization.

5.4.2 Trust

The study concluded that trust as an outcome of transformational leadership had a positive and significant relationship to staff performance in micro-finance institutions in Kenya. The study rejected the null hypothesis and concluded that trust does have influence on the performance of staff in micro-finance institutions in Kenya. Thus, integrity, love, hope and faith may guarantee staff performance in micro-finance institutions in Kenya. This study takes a basis that transformational leadership may yield trust.

5.4.3 Learning

Similarly, the study concluded that learning had a positive and significant impact on the performance of staff in micro-finance institutions in Kenya. This study rejected the null hypothesis and concluded that learning influences the performance of staff in micro-finance institutions in Kenya. Whilst transformational leaders do motivate their followers through use of several means which include logical thinking, building high career
expectations and ambitions which become appealing to the individual followers it may guarantee influence on performance.

5.4.4 Staff Satisfaction

Finally, the study concluded that staff satisfaction had a positive and significant impact on the performance of staff in micro-finance institutions in Kenya. The study rejected the null hypothesis and concluded that staff satisfaction influences the performance of staff in micro-finance institutions in Kenya. Leadership outcome effectiveness and satisfaction has been subject of study effectiveness correlating highly with satisfaction, however (Sun & Leithwood, 2015) found out that satisfaction with a leader was a matter of perceptions and this depended on the reception the follower had on the leader which is individual in nature. Given the nature of work in Microfinance, it is important for leadership to go a whole length of ensuring staff feel satisfied.

5.4.5 Moderating Effect of the Variables

The study concluded that new entrance (effect of combined staff motivation, staff trust, staff learning and staff satisfaction into one composite variable) was not a statistically significant moderating variable to the staff performance of micro-finance institutions in Kenya. The null hypothesis was thus accepted and concluded that new entrance had no statistical significant moderating effect on performance of staff in micro-finance institutions in Kenya.

5.5 Recommendations

From outcomes and the drawn conclusions from study, following recommendations were made. Recommendations were classified as suggestions for improvement and suggestions for further research.

5.5.1 Commitment

The study recommends that transformational leadership outcomes in micro-finance institutions should be associated with very high self-evaluations that is characterized by high self-realize efficacy, and high control locus and stability in emotions in order to foster commitment within the institution. Organization should focus on changing the motives, believes and values that bring about new capabilities of the staff of the organization. Staff should be engaged in decision-making and thus improve the decision-making abilities of
the organization and enhance competitive advantage. With the high correlation between commitment and performance, leaders must at all-time have a check on how much commitment the microfinance staff has.

5.5.2 Trust

The study recommends that transformative leadership outcomes in micro-finance institutions should enhance trust that yields integrity, love, hope and faith, which shall assure performance among the staff of the institution. The trust built should accord staff some level of goodwill that they can associate with leadership thereby making them more competitive. The directions that leaders give and the commitment they have on the organization should be enhanced to the staff. Organizations should focus on trust that has a positive effect on the moral judgment of individual staff. This may increase possibility of making ethical decisions.

5.5.3 Learning

The study recommends that organization leadership outcome in micro-finance institutions should motivate their followers using several logical thinking, building high career expectations and ambitions, which become appealing to the individual followers. Leaders should recognize the equality of all staffs in regard to their experiences, skills and most of all their differences in needs and desires that makes them create and individualized attention that seeks to elevate individual’s abilities and needs. Moreover, leaders should increasingly make decisions that are quick, loaded with possible repercussions given the era of litigious and heavily enlightened communities who demand nothing but excellence from microfinance institutions. Dynamism in the microfinance sector has to be met by a staff that is well equipped. Training and learning environment is key to enhancing performance.

5.5.4 Staff Satisfaction

The study recommends that transformative leadership outcome in micro-finance institutions should bring about group maintenance and yield complement among group members and thus brings about unity of purpose that goes a long way to enhance job performance and satisfaction. Institutional leadership should understand that job satisfaction determine the level of absenteeism, the motivation towards grievance expression and tardiness. The level of morale determines the turnover levels as well as
quality at work. Leaders should focus on enhancing more satisfied firm staffs who are more likely going to be innovative and be able to meet their goals.

5.5.5 Contribution of the study to Knowledge

The study has widened the application of the various theories such as the Resource based view theory, Social learning theory, Transformational leadership theory and the Goal setting theory to understanding transformational leadership and performance of staff in the microfinance sector in Kenya. This study has widened the scope of application of the theories to understanding of transformational leadership outcomes. According to Transformational leadership theory, it represent the roles that leaders play that bring out expected outcomes such as organizational commitment, transformational leadership environment and satisfaction. These lead to improved institutional performance and love for the Organization. According to theory, the 4Is of transformational leadership bring about trust, commitment, sense of belonging that facilitate learning and satisfaction. The independent variables are Trust, Learning and satisfaction while Turnover of staff, Clients growth and profitability are the key parameters to measure the performance of Microfinance staff.

The study has also opened an enquiry for future scholars linking Resource based view theory to performance of the banking sector. The resource based view stipulates that in key leadership outcomes, the crucial sources and drivers to firms' upper hand and predominant performance are primarily connected with the characteristics of their resources and abilities which are valuable and expensive approach to make the firm competency more engaged and quantifiable making a more important internal study of the firm. Leadership outcomes are taken as a key resource that a company has. The development and retention of well-exposed and equipped staff who are committed to the organization is a resource that is hard to copy. Resource based view of organization provides a unique analysis point of firm. It brings new dimension of carrying things and highly acknowledges importance of leadership as the focus of making decisions.

The study has also opened an inquiry into Social learning theory to performance of staff in MFI. The Social learning theory is that behavior is a function of consequences and the perception people have on the consequences. Many of the behaviors people learn either purposely or involuntarily via the impact of models. A good example is much better than a
consequence of unguided actions. The theory informs the study on transformational leadership as a discipline, which can enhance performance in an organization. The epithets of motivation, inspiration and influence can be drawn from social learning theory. The observations supports an organization to embrace transformation leadership outcomes, which guarantees success.

5.5.6 Suggestions for Improvement

The study recommendations were done according to the objectives, findings and conclusions of the study. There is need for organizations to embrace the conventional ion of trust and learning as a leadership development practice. Hence, the board of management of the microfinance’s should make sure they have participated in problem solving, decision making, feedback communication, decision making, giving staffs institution goals through the manager and department of information and this should be based on teamwork among all the levels of the organization hence increasing trust and commitment. Finally, there is need to empower staffs with necessary resources, adequate supervision, ample opportunity, fair treatment, well stipulated rules, opportunities for career development and promotion, informed on the strategic plan of the microfinance.

5.5.7 Suggestions for Further Research

Study examined impacts that transformational leadership outcomes have on performance of staff in Microfinance Institutions in Kenya. Therefore, the same study can be conducted in other financial institution like the insurance firms and banks. This will be key in comparison of the results and identification of more research gaps for future studies. A study can also be carried out to reveal effect of other transformative leadership outcome on the staff performance of financial institutions using different variables and in a different time scope. More importantly a study should be made to understand the amounts of these variable that will yield positive results i.e. for example is there a level beyond which trust will bring a negative result.
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Appendices

Appendix A: Questionnaire

This questionnaire has statements regarding effects of Transformation Leadership outcomes on performance of Microfinance Institutions in Kenya. Kindly take few minutes to complete the questionnaire as guided. Your response will be handled confidentially and ethically.

Thank you for agreeing to participate in this academic study.

Section A. GENERAL/DEMOGRAPHIC DATA

1. Kindly indicate your gender
   a. Male
   b. Female

2. Please indicate the highest level of education you have ever attained
   a. Secondary level
   b. College level
   c. University level
   d. Post graduate level

3. How many years have you worked in the enterprise
   a. Less than 2 years
   b. 3 to 5 years
   c. Over 5 years

4. What is your organization? (optional)
5. What is your position
   a. Top management level
   b. Middle management level
   c. Subordinate level

What is your loan portfolio information?

<table>
<thead>
<tr>
<th>Outstanding Loan Balance</th>
<th>&gt;1 million</th>
<th>1,000,000 – 2,000,000</th>
<th>2,000,001 – 3,000,000</th>
<th>3,000,001 &amp; above</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients served</td>
<td>Below 100</td>
<td>101 - 250</td>
<td>250 - 500</td>
<td>500 &amp; above</td>
</tr>
<tr>
<td>PAR &gt;30 days</td>
<td>Below 2%</td>
<td>2% - 3%</td>
<td>4% - 8%</td>
<td>Above 8%</td>
</tr>
<tr>
<td>Client’s drop rate p.a</td>
<td>Below 2%</td>
<td>2% - 5%</td>
<td>5% - 10%</td>
<td>Above 10%</td>
</tr>
</tbody>
</table>
SECTION B. COMMITMENT AS A RESULT OF TRANSFORMATION

LEADERSHIP

This section seeks to examine the effect of transformation leadership on commitment

<table>
<thead>
<tr>
<th>No.</th>
<th>statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Our enterprise has a clearly articulated vision</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Leaders in our enterprise have high ethical and moral conduct</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>There exists clear vision and a sense of mission in our enterprise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Leaders in our enterprise go beyond self-interest for the good of the staffs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Jobs in our enterprise are clearly described</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. How would you gauge the commitment levels in your organization give reasons for your answer……………………………………………………………………………………………………………..

…………………………………………..
SECTION C: TRUST

This section seeks to examine the effect of trust on performance

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I consider my leaders transparent in their dealings</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Our leaders champion high standards of performance and act as role model</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>I would freely accept any change introduced by my leaders</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>I can express any of my opinions and the leadership is willing to listen</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Leadership in my organization is open and accessible</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

7. Do you think trust in your leader has influenced the way you perform as an individual and why do you think it is does…………………………………………………………………………………………………………………………
SECTION D LEARNING AND ITS EFFECTS ON PERFORMANCE

This section seeks to look at Learning and its effect on the performance

<table>
<thead>
<tr>
<th>No.</th>
<th>statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My organization has created a good learning environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>New ideas are well received by leadership and are implemented</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>In my organization, leaders does engage me on new ideas and gives me room to express myself and take risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>I feel that my organization gives adequate time for learning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>There exist a display of optimism and enthusiasm from the enterprise leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Would you say you have learnt in this organization and what is the outcome………………………………………………………………………………………………………
……………………………………………………………………………………………………………

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SECTION E: STAFF SATISFACTION AS AN OUTCOME IN TRANSFORMATIONAL LEADERSHIP

This section seeks to examine the extent of satisfaction in staff

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Moderately Agree</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>As a staff I feel I am satisfied with my organization and its leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>My work makes me feel high level of personal accomplishment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>I feel well involved in decision making within the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>My customers are satisfied with the decision I communicate coming from my leaders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>I am satisfied with the opportunity of getting a better job in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. What should the organization do to make you more satisfied?

Any other comment?
## Appendix B: AMFI Members

<table>
<thead>
<tr>
<th>NO.</th>
<th>MEMBER NAME</th>
<th>CEO/CONTACT</th>
<th>ADDRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BANKS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>K-rep Bank Ltd</td>
<td>Mr. Titus Karanja – CEO</td>
<td>K-rep Center, Wood Avenue P. O Box 25363 – 00603 NAIROBI Tel 3871511 Fax 3873178 Cell 0715004366 <a href="mailto:Tkaranja@k-repbank.com">Tkaranja@k-repbank.com</a> <a href="mailto:akamau@k-repbank.com">akamau@k-repbank.com</a></td>
</tr>
<tr>
<td>2.</td>
<td>Equity Bank</td>
<td>James Mwangi - CEO</td>
<td>Equity Centre, Upper Hill P O Box 75104 – 00200 NAIROBI Tel 27366620/17 <a href="mailto:James.mwangi@equitybank.co.ke">James.mwangi@equitybank.co.ke</a></td>
</tr>
<tr>
<td>3.</td>
<td>Co-operative Bank</td>
<td>James Nduati – Head Micro Enterprises</td>
<td>Co-operative Bank of Kenya Ltd, Cooperative Hse Building – th Floor P O Box 48231 – 00100 NAIROBI Tel 3276210 Fax 249480 <a href="mailto:JNduati@co-opbank.co.ke">JNduati@co-opbank.co.ke</a></td>
</tr>
<tr>
<td>4.</td>
<td>Kenya Post Office Savings Bank</td>
<td>Anne Karanja – Acting Managing Director Contact person Vincent Makori</td>
<td>Market Lane Off 17 Banda Street, Post Bank House, P O BOX 30311 – 00100 NAIROBI Tel 020 229551 – 6/0200 224949 Fax 229186 <a href="mailto:md@postbank.co.ke">md@postbank.co.ke</a> <a href="mailto:MakoriVO@postbank.co.ke">MakoriVO@postbank.co.ke</a></td>
</tr>
<tr>
<td>5.</td>
<td>Jamii Bora Bank</td>
<td>Sam Kimani – CEO Pauline Kariuki – PA James Kihara- Managing Group Business</td>
<td>Head Office, Jamii Bora House, 18, Koinange Street P O Box 22741 – 00400 NAIROBI, KENYA Tel 020 224238-9/2210339 Mobile 0722383813/0722201112/0734600682 Email <a href="mailto:sam.kimani@jamiiborabank.co.ke">sam.kimani@jamiiborabank.co.ke</a> <a href="mailto:Pauline.kariuki@jamiiborabank.co.ke">Pauline.kariuki@jamiiborabank.co.ke</a> <a href="mailto:James.kihara@jamiiborabank.co.ke">James.kihara@jamiiborabank.co.ke</a></td>
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<td>Priscilla Gathiga - - CEO</td>
<td>Micro Enterprises Support Programme Trust (MESPT) MESPT Plaza, 01 Tausi Road, Westlands Between Westlands Road and Muthithi Road P O Box 187, Sarit Centre, 00606,</td>
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<td>7.</td>
<td>StrommeMicrofinance East Africa Ltd</td>
<td>Harriet Mulyanti - CEO</td>
<td>StrommeMicrofinance East Africa Ltd Plot 25, Block LRV 235, folio 3 Bukoto Street P O Box 27200 Kampala Uganda Tel 0414-532842 Fax 0414-532992 Email <a href="mailto:harriet.mulyanti@stromme.org">harriet.mulyanti@stromme.org</a></td>
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<td>Kenya Women Microfinance Bank Ltd</td>
<td>MwangiGithaiga – MD Contact person Isabella Nyambura</td>
<td>Akira House, Kiambee Road, Upper Hill P O Box 4179-00506 NAIROBI Tel 0703-067 000/0729-920 920/0736 633 332 <a href="mailto:mgithaiga@kwftdtm.com">mgithaiga@kwftdtm.com</a> <a href="mailto:lnyambura@kwftdtm.com">lnyambura@kwftdtm.com</a></td>
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<td>Rafiki Microfinance Bank Ltd</td>
<td>Ken Obimbo - CEO</td>
<td>Rafiki House, along Biashara Street, P O Box 12755-00400 NAIROBI Tel 0020 2166401 Cell 0736432025/0722 206 917/0730 170 002/07022 718 867 HYPERLINK <a href="mailto:maitokobimbo@rafiki.co.ke">maitokobimbo@rafiki.co.ke</a> <a href="mailto:kobimbo@rafiki.co.ke">kobimbo@rafiki.co.ke</a></td>
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<td>Faulu Kenya Microfinance Bank Limited</td>
<td>Charles K Njuguna – CEO Contact person – Judith Njeri</td>
<td>Ngong Road, Ngong Lane P O Box 60240-00200 NAIROBI Tel 020 2518071, 387790-3/7 Fax 3867504/3874857 Cell 0772-190 523, 0721 200 849 0722880 673 <a href="mailto:Charles.njuguna@fauulkaney.com">Charles.njuguna@fauulkaney.com</a> <a href="mailto:Judith.Njeri@fauulkaney.com">Judith.Njeri@fauulkaney.com</a></td>
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<td>SymonKamore - CEO</td>
<td>Kirichwa Road, Kilimani P O Box 64063 NAIROBI Tel 3870162/3861927 Fax 3870191 <a href="mailto:info@smepltd.co.ke">info@smepltd.co.ke</a> <a href="mailto:ceo@smepltd.co.ke">ceo@smepltd.co.ke</a>, <a href="mailto:skaore@smepltd.co.ke">skaore@smepltd.co.ke</a></td>
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<td>Nancy Waweru – Ag. CEO</td>
<td>Finance House, 1th floor, Loita street P O Box 20833 – 00100 NAIROBI Tel 020 2214483, Cell 0721 442 827 <a href="mailto:Nancy.waweru@remultd.co.ke">Nancy.waweru@remultd.co.ke</a></td>
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<td>Reuben Kariuki - CEO</td>
<td>New Pumwani Road&lt;br&gt;KK Plaza Gikomba Cell 077-230 570&lt;br&gt;Head poftice or 0722 168 721, 0733 155 652&lt;br&gt;Tel 3741450&lt;br&gt;<a href="mailto:info@century.co.ke">info@century.co.ke</a>&lt;br&gt;<a href="mailto:rkariuki@century.co.ke">rkariuki@century.co.ke</a></td>
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<td>Sumac Microfinance Bank Ltd</td>
<td>John Njihia - CEO</td>
<td>Consolidated Bank Building, Koinange Street, 2nd Floor&lt;br&gt;P O Box 11687 – 00100 NAIROBI&lt;br&gt;Tel 020 2210440/2212587&lt;br&gt;Fax 020 2210430&lt;br&gt;Fax 020 2210430&lt;br&gt;Cellphone 0725223449&lt;br&gt;<a href="mailto:njihia@sumacmicrofiancebank.co.ke">njihia@sumacmicrofiancebank.co.ke</a></td>
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<td>U &amp; I Microfinance Bank Ltd</td>
<td>S. MwangiNgigi - CEO</td>
<td>1st floor, Asili Complex&lt;br&gt;River Road/ Latema Road junction, Opp Kampala beach&lt;br&gt;Tel 020 236 7388&lt;br&gt;Cell 0713 1212 791&lt;br&gt;<a href="mailto:info@uni-microfinance.co.ke">info@uni-microfinance.co.ke</a>&lt;br&gt;<a href="mailto:snigigi@uni-microfiance.co.ke">snigigi@uni-microfiance.co.ke</a></td>
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<td>Caritas Microfinance Bank Ltd</td>
<td>George Maina – CEO, Contact person – Teresia Kamala</td>
<td>CardinalOtunga Plaza, Kaunda Street&lt;br&gt;P O Box 15352-00100, NAIROBI&lt;br&gt;Tel 020 5151500&lt;br&gt; <a href="mailto:Geroge.maina@cartas-mfb.co.ke">Geroge.maina@cartas-mfb.co.ke</a>&lt;br&gt;<a href="mailto:Teresia.kamala@caritas-mfb.co.ke">Teresia.kamala@caritas-mfb.co.ke</a></td>
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<td>Mary Munyiri - CEO</td>
<td>Royal offices 2nd floor, Mogatio Road Off Chiromo Lane Parklands&lt;br&gt;P O Box 34889 – 00100 NAIROBI&lt;br&gt;Tel 254-020 3742817&lt;br&gt;Wireless 020 2471270&lt;br&gt;Cell 0722799930&lt;br&gt;<a href="mailto:mmunyiri@eclof-kenya.org">mmunyiri@eclof-kenya.org</a></td>
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<td>Vision Fund Kenya Limited</td>
<td>Philip Ocholas - CEO</td>
<td>Karen Road, Off Ngong Road&lt;br&gt;P O Box 1676-00200 NAIROBI&lt;br&gt;Mobile 0722-200402, 786990, 0724-856956, 0736-600997&lt;br&gt;<a href="mailto:info@visionfundkenya.co.ke">info@visionfundkenya.co.ke</a>&lt;br&gt;<a href="mailto:Philip_ochola@wvi.org">Philip_ochola@wvi.org</a></td>
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<td>Patrick Gathondu - CEO</td>
<td>Bimas Complex&lt;br&gt;P O Box 2299&lt;br&gt;Tel 068-2231645&lt;br&gt;Fax 068 – 31573</td>
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<td>Dr. M. Alice Abok - CEO</td>
<td>Ngong Road, Ngong Lane P O Box 76622 – 00508 NAIROBI Tel 3870280/ 020 386 4901 Fax 3871531 <a href="mailto:amwajuma@sisdo.org">amwajuma@sisdo.org</a>, <a href="mailto:cobonyo@sisdo.org">cobonyo@sisdo.org</a></td>
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<td>Micro Africa Ltd</td>
<td>Charles Njoroge - CEO</td>
<td>P O Box 52926 – 00200 Tel 254 20 3861 681-4 Cell 254 720 522 656 <a href="mailto:info@microafricagroup.com">info@microafricagroup.com</a> <a href="mailto:cnjoroge@microafricagroup.com">cnjoroge@microafricagroup.com</a></td>
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<td>Opportunity Kenya</td>
<td>Lydia Njoroge - CEO</td>
<td>Geomaps Centre – Matumbata road Upper Hill P O Box 19497- 00202 NAIROBI Tel 2720159/69 Fax 27201763 0722 205 171 , 0733 606 996 <a href="mailto:lnjoroge@opportunitykenya.com">lnjoroge@opportunitykenya.com</a></td>
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<td>Yehu Microfinance Trust</td>
<td>Adet N. Kachi - CEO</td>
<td>Buxton, Tommboyay street Nairobi P O Box 82120 NAIROBI Tel 041-224406 <a href="mailto:adetkachi@yahoo.com">adetkachi@yahoo.com</a>, <a href="mailto:yehumfi@gmail.com">yehumfi@gmail.com</a> <a href="mailto:joykar2011@gmail.com">joykar2011@gmail.com</a></td>
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<td>JitegemeaCredit Scheme</td>
<td>Francis Kihiko - CEO</td>
<td>Jitegemea Business Centre Buruburu Shopping Centre Mumias South Road, Nairobi Tel 020 236 59 51/0722 207 637 <a href="mailto:info@jitegemea.co.ke">info@jitegemea.co.ke</a> <a href="mailto:fkihiko@jitegemea.co.ke">fkihiko@jitegemea.co.ke</a></td>
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<td>AAR Credit Services</td>
<td>John Kariuki MD</td>
<td>Methodist Ministries Centre, 1st floor Oloitoktok Road P O Box 41766 GPO Tel 0722 425 040, 0736 425 040 <a href="mailto:jkkariuki@aar.co.ke">jkkariuki@aar.co.ke</a></td>
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<td>JuhudiKilimo Co. Ltd</td>
<td>Bernard Kivava CEO</td>
<td>The Priory place, 2nd floor ArgwingsKodhek Road P O Box 25441 -00100 NAIROBI 020 264 2288/0715 446614/0733 446614 <a href="mailto:bkivaa@juhudikilimo.com">bkivaa@juhudikilimo.com</a></td>
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<td>James Onyutta- CEO</td>
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<td>Jaco Coetzee GM</td>
<td>Kenya Re towers, off Ragati Road P O Box 27639,00506 NAIROBI</td>
<td>Tel 2777500/1</td>
<td><a href="mailto:ithaer@selectafrica.net">ithaer@selectafrica.net</a>, <a href="mailto:coetzeej@selectafrica.net">coetzeej@selectafrica.net</a>, <a href="mailto:ochinegp@selectafrica.net">ochinegp@selectafrica.net</a></td>
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<td>Contact person Regina</td>
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<td>Fax 2731162</td>
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<td>Ithae- Admin &amp; Operations Manager</td>
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<td>Peter Ochieng Deputy Chief</td>
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<td>Anne Gathuku - MFI Manager</td>
<td>KTDA farmers building P O Box 30213 – 00100 NAIROBI</td>
<td>Tel 32277000-2/221441-4 DL 020 3227228 Fax 211240</td>
<td><a href="mailto:agathuku@kdateas.com">agathuku@kdateas.com</a>, <a href="mailto:agathuku@yahoo.co">agathuku@yahoo.co</a></td>
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<td>Ignatius Obara - Finance Director</td>
<td>2nd floor, union towers, moi avenue P O Box 73304-00200NAIROBI</td>
<td>Tel 2247950/2210109/2210105 Mobile 0722 200 480/ 0733 836 845</td>
<td><a href="mailto:info@platinumcredit.co.ke">info@platinumcredit.co.ke</a>, <a href="mailto:obara@platinumcredit.co.ke">obara@platinumcredit.co.ke</a></td>
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<td>George Ngugi Karungeo-Director</td>
<td>Donholn Mina Centre P O Box 2406 00202 NAIROBI</td>
<td>Tel 0705 69 3555</td>
<td><a href="mailto:aligeproperty@rocketmail.com">aligeproperty@rocketmail.com</a></td>
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<td>Cyprian Kilonzo – MD Contact person Joyce Ruwa – Head of Communication &amp; Corporate Affairs</td>
<td>Jubilant Innovation Centre, Old Mugoaya Estate Gate &amp; Beach Road Nyali- Mombasa</td>
<td>Tel 0707715757 tel 041 4470967 Email <a href="mailto:info@jubilantkenya.com">info@jubilantkenya.com</a> Website:www.jubilantkenya.com</td>
<td><a href="mailto:Cyprian.Kilonzo@jubilantkenya.com">Cyprian.Kilonzo@jubilantkenya.com</a></td>
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<td>Habitat for Humanity Kenya</td>
<td>Lynette Inette - Country Director</td>
<td>P O Box 38948 – 00623 Lenana Road, 197 Lenana place Hurlingham , Nairobi-Kenya</td>
<td>Tel 020 257 2812 Cell 254 733 457 461/ 254 07723242822</td>
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<td>Daniel Ohonde _ CEO</td>
<td>7th Floor, International House, Mama Ngina Street, P O BOX 27153-00100 NAIROBI</td>
<td>Tel 020 2218111, Cell 0730 168 000/0711 795 925, <a href="mailto:dohonde@realpeople.co.ke">dohonde@realpeople.co.ke</a></td>
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<td>James Ouma - CEO</td>
<td>Kimathi House, 8th floor, P O Box 100463 – 00101 NAIROBI</td>
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<td>Neema Health Education @ Empowerment Programme (NEEMA HEEP Ltd)</td>
<td>Dr. Pattedy Nyaga - CEO</td>
<td>NEEMA Plaza, 2nd floor, Mama Ngina Street, P O Box 1744-60100, EMBU</td>
<td>Tel 0716070411, <a href="mailto:info@nemaheep.org">info@nemaheep.org</a>, <a href="mailto:drpnyagah@nemaheep.or">drpnyagah@nemaheep.or</a></td>
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<td>Micro Mobile Ltd</td>
<td>Robert Masinde - CEO</td>
<td>Regus Delta Corner Tower, 6th floor, Chiromo Road- WESTLANDS, P o Box 14805 -00800NAIROBI</td>
<td>Tel 0730 112013/0722 706 253, <a href="mailto:Robert.masinde@micromobile.co.ke">Robert.masinde@micromobile.co.ke</a></td>
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<td>Ushindi Bora Ltd</td>
<td>Dominic Klinsbuttuk</td>
<td>Cassia Court, Block C, Next to KWFT &lt;Kiambere Road 40547 – 00100 NAIROBI</td>
<td>0717 111122, <a href="mailto:ushindibora@gmail.com">ushindibora@gmail.com</a></td>
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<td>Sevenstar Capital Services Ltd</td>
<td>Jacqueline Ndung’u - Credit Manager</td>
<td>Uthiru Cooperation, Opposite shell Petrol station, P O Box 00605-702 NAIROBI</td>
<td>Tel 0724 084 014, <a href="mailto:jacky@sevenstar-group.com">jacky@sevenstar-group.com</a></td>
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<td>Pauline Ngari - CEO</td>
<td>Lower hill Duplex - Upper hill, P O Box 8562 – 00100 NAIROBI</td>
<td>Tel 0703 960 766, <a href="mailto:info@handinhandeaea.org">info@handinhandeaea.org</a>, <a href="mailto:ngari.pauline@handinhandeaea.org">ngari.pauline@handinhandeaea.org</a></td>
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<td>Star Credit Ltd</td>
<td>Samuel Okelo Deya - MD</td>
<td>Mini Mall, 1st floor, suite 3014, P O Box 3516 code 40100 Apindi Street, Kisumu</td>
<td>Tel 254 725018879, <a href="mailto:sdeya@starcreditltd.com">sdeya@starcreditltd.com</a>,</td>
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<td>Getbucks Ltd</td>
<td>Anthony George Maulge</td>
<td>Shelter Afrique Center, Upper Hill P O Box 5483 00100 NAIROBI</td>
<td>Tel 020 243 4019/17 <a href="mailto:tony@getbucksgroup.com">tony@getbucksgroup.com</a></td>
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<td>Private Equity Ltd</td>
<td>Philip Muturi Mwangi</td>
<td>Rattansi Educational Trust Building, Koinange Street</td>
<td>4Th floor P O Box 42833- 00100 NAIROBI Tel 0728 494478 <a href="mailto:ceo@private-equitycompany.com">ceo@private-equitycompany.com</a></td>
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<td>Jumo Kenya Ltd</td>
<td>Oscar Ahere - County Manager</td>
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<td>Th floor, Mogotio Road P O Box 2695 – 00621 NAIROBI Tel 0706659810 <a href="mailto:Oscar.Ahere@jumo.world">Oscar.Ahere@jumo.world</a></td>
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<td>Stima Sacco Society Ltd</td>
<td>Paul Wambua - CEO</td>
<td>Stima Sacco Plaza, Musembi Road, Parklands</td>
<td>P O Box 75629- 00200 NAIROBI <a href="mailto:INFO@STIMA-SACCO.COM">INFO@STIMA-SACCO.COM</a> <a href="mailto:PWAMBUA@stima-sacco.com">PWAMBUA@stima-sacco.com</a></td>
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<td>Swiss contact – Swiss Foundation for Technical Cooperation</td>
<td>John Njoroge – Country Diretor Kenya &amp; Financial Services East Africa</td>
<td>P O Box 47996- 00100, NAIROBI Kenya,6th floor, Victoria Plaza, 11 parkland Road, Westlands, Tel 254 20 374 3927</td>
<td><a href="mailto:John.njoroge@swissontact.org">John.njoroge@swissontact.org</a></td>
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Appendix C: Introduction Letter

14 February 2017

To whom it may concern

DOCTORAL DISSERTATION BY PATRICK GATHONDU: STUDENT ID-645081

The bearer of this letter is a student at United States International University-Africa pursuing Doctor of Business Administration Degree (DBA). As part of the program, he is required to undertake doctoral dissertation on "Influence of transformational leadership outcomes on performance of staff in microfinance institutions in Kenya"; which requires him to collect data and information from various relevant institutions.

Kindly assist by enabling him access data, information and contact to respondents who can complete his questionnaires. I assure you that the information provided will be treated with the utmost confidentiality.

Should you have any enquiries regarding the student research please feel free to contact me.

Yours sincerely

[Signature]

Prof. George Achoki
Dean, Chandaria School of Business
Email: gachoki@usiu.ac.ke
Tel.: +254 730116414
Appendix D: Research Authorization Letter

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

NACOSTI/P/17/30956/15924

9th March, 2017

Patrick Gachuiri Gathondu
United States International University
P.O. Box 14634-00800
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Influence of transformational leadership outcomes on performance staff of microfinance institutions in Kenya,” I am pleased to inform you that you have been authorized to undertake research in all Counties for the period ending 9th March, 2018.

You are advised to report to the County Commissioners and the County Directors of Education, all Counties before embarking on the research project.

On completion of the research, you are expected to submit two hard copies and one soft copy in pdf of the research report/thesis to our office.

DR. STEPHEN K. KIBIRU, PhD.
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioners
All Counties.

The County Directors of Education
All Counties.
Appendix E: NACOSTI Permit

THIS IS TO CERTIFY THAT:

Mr. Patrick Gachui Gathondu
of USIU, 2763-60100 embu, has been
permitted to conduct research in All
Counties County
on the topic: INFLUENCE OF
TRANSFORMATIONAL LEADERSHIP
OUTCOMES ON PERFORMANCE STAFF OF
MICROFINANCE INSTITUTIONS IN KENYA
for the period ending:
9th March, 2018

Fee Received: Ksh 2000

Permit No: NACOSTI/P/17/30956/15924
Date Of Issue: 9th March, 2017

Applicant’s Signature

Director General
National Commission for Science, Technology & Innovation