INFLUENCE OF LEADERSHIP DEVELOPMENT PRACTICES ON THE PERFORMANCE OF MICROFINANCE INSTITUTIONS IN KENYA

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Influence of Leadership Development Practices on the Performance of Microfinance Institutions in Kenya

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DECLARATION

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

Signature.. Date.................................

Nixon Kagutha Njue

This thesis has been submitted for examination with our approval as University supervisors

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DEDICATION

This thesis is dedicated to my beloved family and in particular my very first grandson Trevor Kagutha Njue Kagutha whose dad is named after my late father Jimnah Njue Nduati in reverent recompense.

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To GOD be the glory, a great thing He has done. I cannot claim full credit of any measure of success in any of my successes. My endeavor has always been as a result of corporate effort. This is therefore not different. I wish to thank most sincerely the combined efforts of Dr. Esther W. Waiganjo and Prof. John M. Kihoro for their teaching, mentorship, supervision and co-operation while l pursued my doctoral work.

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ABBREVIATIONS AND ACRONYMS

AMFI	Association of Micro Finance Institutions
ASCA	Accumulative Saving & Credit Associations
AYB-SD	AlashanekYaBalady for Sustainable Development
CBO	Community Based Organization
CEO	Chief Executive Officer
CGAP	Consultative Group to Assist the Poor
MFI	Micro Finance Institution
NGO	Non-Governmental Organization
ROSCA	Rotating Savings and Credit Association
SASRA	Sacco Societies Regulatory Authorities
USAID	United States Agency for International Development
ILO	International Labour Organization

DEFINITION OF TERMS

Coaching: Is a training or development process via which an individual is supported while achieving a specific personal or professional competence result or goal (Garson, 2010). The individual receiving coaching may be referred to as coachee (Holtshousen, 2015).

Delegation: Is the assignment of responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities. It is one of the core concepts of management leadership (Hulme, 1999). However, the person who delegated the work remains accountable for the outcome of the delegated work.

Firm performance: Is defined as "the economic outcomes resulting from the interplay among an-organization's attributes, actions and environment. (Combs J. G., Ketchen D. J., Crook T. R. and hook C. L. (2005*).*

Empowerment: Refers to increasing the economic, political, social, educational, gender, or spiritual strength of an entity or entities (Islam, 2011).

Leadership Development: This is an intentional effort to provide leaders an emerging leaders with opportunities to learn, grow and change. (Gadot, 2007).

Micro: The term means small, tiny or trivial (Webster, 2007).

Micro-finance: This describes the range of financial products such as micro-loans, micro-savings and micro-insurance products that micro-finance institutions (MFIs) offer to their clients (Grameen Bank 2007)

Participation: Refers to different mechanisms for the public to express opinions and ideally exert influence regarding political, economic, management or other social decisions. Participatory decision-making can take place along any realm of human social activity (Mersland, 2007).

Practices: To do or cause to do repeatedly in order to gain skill (Islam, 2011)

Performance: Measuring the results of a firm's policies and operations in monetary and non-monetary terms. These results are reflected in the firm's market share, return on investment, return on assets, value added (Rubambey, 2002).

ABSTRACT

Leadership development practices is an important area which is considered and implemented in organizations to increase human capability and some other benefits like to gain competitive advantage. With the increasing commercialization approach of MFIs and professionalization of the sector, the focus on performance which sets apart MFIs from other financial institution is being lost or sometimes taken for granted resulting into a “mission drift” among many MFIs. The leadership development practices of an MFI plays a major role in ensuring that the institution keeps to its mission. Good leadership practices are expected to underpin effective and efficient performance within MFIs. This study sought to determine the influence of leadership development practices on the performance of microfinance institutions in Kenya. Specifically, it sought to determine whether coaching, empowerment, participation and delegation influence the performance of microfinance institutions in Kenya. This study adopted a cross sectional survey design and the target population were 3984 microfinance institutions in Kenya. The sample size was 10% of the target population which was 398. Stratified and simple random sampling was used to identify the microfinance institutions and purposive sampling was used to collect data from chief officers of the microfinances. Data was collected using questionnaires and interviews and analyzed using SPSS version 22. Inferential data analysis was carried out by the use of factor analysis and correlation analysis. Regression models were fitted and hypothesis testing carried using multiple regression analysis and standard F and t tests. The results of multiple regression analysis indicated that firm performance was statistically and positively influenced by participation and empowerment. However, results of correlation analysis indicated that the use of coaching, empowerment, participation and delegation had a strong and positive association with firm performance. Based on the results of this study, therefore, it is concluded that leadership development practices influenced firm performance of microfinance institutions in Kenya. It is recommended that the management needs to have a positive rethink towards the use of leadership development practices and have the right resources, leader participation, employee empowerment as the success of a business or strategy depends primarily on the value judgment, energy and skill of its top managers.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Leadership development refers to any activity that enhances the quality of leadership within an individual or organization (Helms, 2006). Traditionally, leadership development has focused on developing the leadership abilities and attitudes of individuals (CARE, 2008). Different personal traits and characteristics can help or hinder a person's leadership effectiveness and require formalized programs for developing leadership competencies. Leadership development is becoming an increasingly critical and strategic imperative for organizations in the current business environment (Plant, 2009).

But what makes for a good leader? We cannot simply say, if you have a combination of such and such qualities, you will be a great leader. This is because leadership always needs to be seen in context (Helms, 2006). Due to the different and changing parameters of leadership (i.e. national and corporate culture, industry, level of education, organizational life cycle), leaders have to possess a wide range of competences and approaches to be able to execute their role successfully (Garson, 2010). Contrary to the Great Man cookie-cutter recipe of leadership, present-day leaders recognize that in order to be effective, they need to be able to adapt their style to suit the different situations they will face.

Leadership development practices is an important area which is considered and implemented in organizations to increase human capability and some other benefits like to gain competitive advantage. Some developmental assignments can be carried out concurrently with regular job responsibilities, whereas others require taking a temporary leave from ones regular job (Garson, 2010). These development assignments can be used to develop managerial skills at current jobs, some may be used to develop new projects or begin new projects serving as department representative on a cross functional teams.

It can be argued that many of the failures of microfinance institutions can be attributed to poor leadership practices. Indeed, it is more than likely that in a lax regulatory environment, unscrupulous or incompetent people establish and attempt to run microfinance institutions, thereby jeopardizing the savings of poor people. For millions of families in need, microfinance offers the hope for a successful small business and more: increased economic stability, better healthcare and housing, the opportunity for education, and ultimately, the real possibility of self-sufficiency. Rapid growth in microfinance over the last three decades has provided over 130 million of the world's poor with access to micro-credit and savings services, but for many of the world's poor, these services remain out of reach (Garson, 2010).

Despite the vast potential for microfinance to boost the welfare of millions of people in Africa, poor leadership development practices and misdirected priorities mean that often their initiatives do not reach their targets. For instance, microfinance institutions enter the marketplace offering credit even though those who are living at subsistence levels often want a safe place to save rather than access to credit. They want to build assets that help mitigate risk before they incur debt. In fact the credit products that microfinance institutions offer usually meet best the needs of the better off or the entrepreneurial poor. They find it easier to invest a loan productively than does the individual of lesser means, whose greatest need is usually a place to safely store cash in order to be able to deal with a subsistence household's requirements (CARE, 2008).

However, Collins *et al.* (2009) observed that microfinance is far more reliable, in terms of both availability and price, than any informal network. Closely related to this is the fact that relatives and friends may not have much to lend if there has been an adverse shock that has affected everybody at the same time. Another issue that a small entrepreneur who turns to an informal network for business funds might face is that of reciprocity, having to lend money to someone else during their time of need might starve the lender's business of much needed funds. This risk of having to lend to family and friends is well documented. For instance, Baland, Guirkinger and Mali (2007) present evidence from Cameroon, where a large number of individuals borrow money (and pay interest on it) from credit cooperatives for no other reason other than to appear poor in order to avoid having to lend to family and friends.

The level of mistrust demonstrated above can be mitigated or even eliminated by microfinance institutions, especially village based ones, as they set up a savings and credit system in which the anonymity of borrowers is assured, thus preventing personal distrust from affecting the lending process. Furthermore, religious institutions enjoy the goodwill of the public in many parts of Africa, thus it is logical for them to step in and to provide such a crucial service. Whether they can effectively do so, will depend on the quality of leadership in microfinance institutions.

Microfinance institutions in Kenya are divided into formal, sub-formal and informal sectors of the economy. The informal sector is mainly characterized by small players while the formal sector has large players such as banks and registered institutions. Community based organizations (CBOS), non-governmental organizations (NGOs) and charitable institutions are classified as sub-formal sector and usually they play the role in helping the poor rise to the mainstream.

Kenya is no exception to the mismanagement and poor leadership of microfinance institutions that has been described elsewhere. In 2005, for example, government regulators in Kenya closed Akiba micro finance on grounds that it had unlawfully taken customers deposits and reneged on payments (Kiiru, 2007). This is one of the factors that may make potential microfinance members wary of dealing with certain institutions. This reticence can be mitigated by leaders, if they set up microfinance institutions and equip them with the right leadership to ensure that members' funds are safe. This is confirmed by Dupas *et al.,* (2011) who find that the risk of embezzlement and unreliability of the bank are stated as reasons for low usage of savings accounts in a recent study based in Western Kenya. This may explain part of the reason why people still prefer to borrow and lend within their small circle of family and friends.

In order to improve this situation, one of the main objectives of the Kenya's Vision 2030 plan is to promote sustainable and equitable economic growth and socioeconomic development that will ensure poverty alleviation with the ultimate objective of its eradication; enhance the standard and quality of life of the people of Kenya and support the socially disadvantaged through economic integration (Ndung'u, 2007).

1.1.1 Micro finance Institutions in Kenya

According to Kiiru (2007), the history of microfinance can be traced back to the middle of the 1800s when the theorist Lysander Spooner was writing over the benefits from small credits to entrepreneurs and farmers as a way getting people out of poverty, but it was at the end of World War II with the Marshall plan that the concept had a big impact. Today the use of the expression microfinance has its roots in the 1970s when organizations, such as Grameen Bank of Bangladesh with the microfinance pioneer Mohammad Yunus, started shaping the modern industry of microfinance. According to Garson (2010), microfinance institutions are financial services meant to empower people especially women.

Their primary aim is to serve as finance institutions that give loans to their clients to set up small business enterprises that will help them sustain a good living. Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. Microfinance services are provided by three types of sources: formal institutions, such as rural banks and cooperatives; semiformal institutions, such as nongovernment organizations; and informal sources such as money lenders and shopkeepers. Institutional microfinance is defined to include microfinance services provided by both formal and semiformal institutions.

Operations of the micro-finance in Kenya can be traced to 1984 with the start of Kenta rural enterprise programme (K-Rep) as an NGO support programme for small and micro enterprises founded by world partners. In 1989 K-Rep changed its services to micro-credit lending which has become its core business since (ILO, 2006). Microfinance industry in Kenya is so diverse and its size cannot be accurately estimated. The Association of Micro-Finance Institution of Kenya (AMFI) has a total of 59 member institutions serving approximately 6,500,000 (AMFI Website, 2013). The mix market data on the other hand estimates that the number of micro-finance clients in Kenya was 10.5 million by 2012.

Microfinance industry in Kenya is under the umbrella of Association of Microfinance Institutions of Kenya (AMFI) Kenya. The Association is a member’s institution that was registered in 1999 under the societies Act by the leading microfinance institutions in Kenya to build capacity of the microfinance industry. The main objective of AMFI is provision of general policy guidelines, adherence to ethical practices and direction to the association (AMFI, 2011). Microfinance as it is known today is the provision of a broad range of financial services such as deposits, loans, payments services, money transfer and insurance to the poor and low-income households, and their micro-enterprises.

Micro-finance players in Kenya are divided into formal, sub-formal and informal sectors of the economy. The informal sector is mainly characterized by small players while the formal sector has large players such as banks and registered institutions (Word Bank, 2005). Faith based organizations (FBOs), community based organizations (CBOS), Non-governmental organizations (NGOs) and charitable institutions are classified as sub-formal sector and usually they play the role in helping the poor rise to the mainstream. The informal sector basically includes the ROSCAs, ASCAs groups and individual money lenders (AMFI Website, 2013).

The Microfinance Act authorizes the Central Bank of Kenya to license, regulate, and supervise the activities of formally constituted deposit-taking microfinance institutions in Kenya. The Act itself simply empowers the Central Bank as regulator, but specific rules subsequently released by the bank serve to govern microfinance activity in practice. In particular, the Bank has imposed core capital requirements designed to ensure adequate liquidity of depository MFIs, and established minimum corporate governance standards and ownership limits (AMFI, 2010).

MFIs normally combine a social mission provision of financial services to the lowest income population possible with a financial objective that drives the institution to achieve self-sufficiency. The extent to which microfinance institutions seek to maintain the dual focus of profitability and outreach to poor clients is directly shaped by the composition of the boards of directors and by the priorities established by the board. These two objectives are not mutually exclusive, and that boards, through their strategic decisions and policies, can move institutions in the direction of achieving superior profitability and reaching an expanding clientele of low-income entrepreneurs.

1.2 Statement of the Problem

A study carried out to investigate the phenomenon of microfinance, within various contexts, is largely in consensus that microfinance can have positive benefits on the lives of the poor, especially in developing countries. However, thisstudy tends to examine microfinance in isolation from the socio-cultural context in which it operates(Otero & Rhyne, 2006).Owing to the inadequate empirical literature on the effect of leadership on the micro finance institutions in Kenya, this study sought to establish whether leadership development practices in Kenyan MFIs have an influence on their declining performance which compromises their financial sustainability, market share and profitability.

Most MFIs in Kenya derive their funds from donors and wholesale retailers (Srinivasan, 2010). These two sources of funds are deemed expensive and scarce for the sustainability of these MFIs. As such these institutions have sought alternative sources of funds such as public deposits in order to finance their activities and expansion. It is this venture into public deposits that has necessitated the need for good corporate governance from both the Government and all stakeholders alike which is manifested in leadership development. Given the fact that there exists no deposit protection insurance fund for MFI depositors, leadership development becomes even more important.

While the MFI sector has been growing rapidly and outreach to date is impressive, the industry has faced major crises in various parts of the world. The crises experienced in the MFI sector in Nigeria in 2005, Nicaragua in 2008, India in 2010, Pakistan in 2010, Kolar, 2009 and in Bosnia and Herzegovina in 2009, all leading to massive loan default by clients and closure of MFIs has all been blamed on commercialisation of the MFIs (Geake, 2011). Many scholars have expressed concern that the commercialization of microfinance is leading to a mission drift evidenced by the over-preoccupation with profitability at the expense of poverty reduction and other development goals. The blame has been laid on the MFIs' leadership development (CGAP, 2005; Ndungu, 2007; Garson, 2010). Prior studies on leadership and performance have focused on a narrow set of broad characteristics and one or two aspects of performance. There have been calls for more comprehensive theoretical and empirical investigations into the role of leadership and MFI's performance (Otero & Rhyne, 2006; Kirmani & Zaidi, 2010).

Poor performance of microfinance institutions has become an issue in Africa and majority of these institutions are beginning to embrace corporate governance on their strategic management plans so as to enhance their sustainability. Leadership development is deemed instrumental in strengthening performance and sustainability of microfinance institutions (MFIs) as well as increasing outreach of microfinance (Garson, 2010). This study sought to investigate the influence of leadership development practices (Coaching, empowerment, participation and delegation) on the performance of microfinance institutions in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

This study sought to investigate the influence of leadership development practices on the performance of microfinance institutions in Kenya.

1.3.2 Specific Objectives

1. To determine the influence of coaching practice on the performance of microfinance institutions in Kenya.
2. To examine the influence of empowerment practice on the performance of microfinance institutions in Kenya.
3. To determine the influence of participation practice on the performance of

microfinance institutions in Kenya.

4. To establish the influence of delegation practice on the performance of microfinance institutions in Kenya.

1.4 Research Questions

1. What is the influence of coaching practice on the performance of microfinance institutions in Kenya?
2. To what extent does empowerment practice influence performance of microfinance institutions in Kenya?
3. What is the influence of participation practice on the performance of microfinance institutions in Kenya?
4. What is the influence of delegation practice on the performance of microfinance institutions in Kenya?

1.5 Research Hypothesis

The study tested the following null hypothesis:

H01: There is no significant influence of coaching practice on the performance of microfinance institutions in Kenya.

H02: There is no significant influence of empowerment practice on the performance of microfinance institutions in Kenya.

H03: There is no significant influence of participation practice on the performance of microfinance institutions in Kenya.

H04: There is no significant influence of delegation practice on the performance of microfinance institutions in Kenya.

1.6 Significance of the Study

The study results detailed the influence of leadership development practices on the performance of micro finance institutions. As such, it will enumerate the important aspects of leadership development practices which can be emphasized to boost performance of their micro finance institutions. It will also pin point areas in leadership where MFIs are not doing well and recommend measures of improving the same. Therefore, the current study will be useful in providing insight into how a microfinance institution can be operated within the framework of good leadership development.

The current study is important for those who participate in microfinance institutions as savers and borrowers. Some of the participants in the microfinances have probably never previously had access to banks and loans. Therefore, the current study is crucial in identifying the manner in which microfinance institutions incorporate previously unbanked individuals into their microfinance programs.

These research findings can be used by other researchers and academicians in the field of microfinance performance. With this in mind, the current study is necessary to highlight the salient features of leadership development and performance of microfinance institutions that have not been addressed by previous studies.

1.7 Scope of the Study

The study was conducted in 398 microfinances registered with Association of Microfinance Institutions of Kenya (AMFI) 2015 directory and those that are regulated by Sacco Societies Regulatory Authority (SASRA). The study targeted the chief executives, the top and middle level officers of the microfinance institutions.

The study captured four main independent variables that included coaching, empowerment, participation and delegation all as leadership development practices that have an influence on the performance of microfinance institutions in Kenya.

1.8 Limitations of the Study

Limitations are matters and occurrences that arise in a study which are out of researcher’s control. Every study no matter how well it is conducted and constructed has limitations (Simon & Goes, 2013). Firstly, some respondents were reluctant to respond to some questions and to complete the questionnaires promptly. Some even failed to return the questionnaire. This, further caused delays and more cost in preparing and delivering more research instruments where some got lost in the hands of the respondents. However, the researcher made efforts to assure the respondents that the information was used duly for academic purposes and dropped more questionnaires to cover for those which were not returned.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the review of literature related to the study. It comprises theoretical framework, conceptual framework, and empirical review, critique of existing literature, research gap and summary.

2.2 Theoretical Framework

This section presents the theories that the study was based on and they are as follows;

2.2.1 Great Man Theory

At first, leaders were thought to be born and not made. This so-called “great person” theory of leadership which implies that some individuals are born with certain traits that allow them to emerge out of any situation or period of history to become leaders. This theory focuses attention on the man or woman on the job and not on the job itself. In other words, great person theory studies individual leaders “leaderships” rather than “leadership”.

According to Carlyle (1907), promoted the notion of 'great man theory" and in his essay writings on heroes, tended to reinforce the concept of the leader as a person endowed with unique qualities that capture the imagination of the masses. The first person who conducted an authentic study of this approach was Galton (1870). Several early theorists influenced by Galton's study of the hereditary background of great men attempted to explain leadership on the basis of Inheritance.

Woods (1913) studied fourteen nations over periods of five to ten centuries. The conditions of each reign were found to approximate the ruler's capabilities. The brothers of Kings (as a result of natural endowment, of course) also tended to become men of power and influence. Woods concluded that man makes the nation and shapes it in accordance with his abilities.

According to Wiggam (1931), he proposed that the survival of the fittest and intermarriage among them produces an aristocratic class differing biologically from the lower classes. Thus, an adequate supply of superior leaders depends upon a proportionately high birth rate among the abler classes.

Drucker (1989) supporting this notion says that leadership is of utmost importance. Indeed there is no substitute for it. But leadership cannot be created or promoted. It cannot be taught or learned. Therefore, this theory was based on the belief that leaders are exceptional people, born with innate qualities, destined to lead. The use of the term 'man' was intentional since until the latter part of the twentieth century leadership was thought of as a concept which is primarily male, military and Western. This led to the next school of Trait Theories.

2.2.2 Trait Theory

The Trait Approach arose from the “Great Man” theory as a way of identifying the key characteristics of successful leaders (Ralph, 1974). According to this theory, leadership depends upon having certain traits which allows behavior modification to become more tenable in producing good leaders. It was believed that through this approach critical leadership traits could be isolated and that people with such traits could then be recruited, selected, and installed into leadership positions. This approach was common in the military and is still used as a set of criteria to select candidates for commissions (Allport, 1990),

Most of the studies in this area have been conducted during the first half of the twentieth century. The theory is simple. If the leader is endowed with superior qualities that differentiate him from his followers, or differentiate an effective leader from an ineffective one, it should be possible to identify these qualities. This assumption gave rise to trait theories of leadership. According to this approach, leadership is a conglomeration of set of personality traits.

Trait theorists early in this century contended that there was a finite set of personal characteristics, inner traits, which distinguished effective from ineffective leaders Trait theory research began about 1904 and systematically expanded for almost fifty years into a giant body of findings, information and theory. Hundreds of research models and methods were devised over these years to find the sought-after set of leadership traits. Some of the prominent studies are mentioned here.

According to Galen (1995) argument, our personality is a reflection of the four hormones (fluids) that make up our bodies. Yellow Bile - bad temper, irritability (choleric) Black bile-gloomy pessimistic (Melancholic) Phlegm--sluggish, non-excitable (phlegmatic) Blood-cheerful, passionate (sanguine). If one of these fluids dominated, the personality associated with that fluid would be observed.

According to Allport (1990), a trait is a generalized and focalized neuropsychic system (peculiar to the individual), with the capacity to render many stimuli functionally equivalent, and to initiate and guide consistent (equivalent) forms of adaptive and expressive behaviour." He distinguished traits and types and said that 'unlike traits-types always have bio-social references. A man can be said to have a trait but he cannot be said to have a type. Types exist not in people or in nature, but rather in the eye of the observer. Traits, on the contrary, are considered wholly within the compass of the individual. He broadly divides the traits into Cardinal. Central and Secondary traits.

According to Gheselli (1968) the search for leader traits was not a total failure and several traits do appear to be modestly associated with leadership. Chief among these traits is intelligence. He says that the people who hold leadership positions tend to be somewhat more intelligent. In his study, he emphasized significant correlations between leadership and traits of intelligence, supervisory ability, initiative, self-assurance and individuality in doing work but suggested that extremely higher or lower intelligence reduces the leadership qualities.

Fayol (1949) in his trait approach identified three qualities: physical qualities such as health, vigor; mental qualities such as ability to understand and learn judgment, mental vigour and adaptability; moral qualities such as energy, firmness, willingness to accept responsibility, initiative, loyalty, tact and dignity".

According to Evans (1990) a leader, if he wants to be effective, must cultivate the following ten characteristics. (i) a listening habit, (ii) a learning habit, (iii) a motion habit, (iv) a wow! Habit, (v) a commitment habit. (vi) a confidence habit, (vii) a funny habit, (viii) a vision habit. (ix) a diverse habit and. (x) character.

2.2.3 Behaviourist Theory

This theory was developed in 1913 by John Watson. It refers to a psychological approach which emphasizes scientific and objective methods of investigation. These concentrate on what leaders actually do rather than on their qualities. Different patterns of behaviour are observed and categorized as 'styles of leadership'. This area has probably attracted most attention from practicing managers. Researchers were of the opinion that behaviour, unlike traits can be learned. So it followed that individuals trained in appropriate leadership behaviour would be able to lead more effectively. This theory fits well with the study on leadership development practices. This is because practices such as coaching, empowerment, participation and delegation influences the behavior of employee hence their performance in the organization.

Leadership as a behavioral category has drawn attention to the importance of leadership style. Leadership style can be defined as the behaviour exhibited by a leader during supervision of subordinates. Mullins, (2000) defined leadership style as the way in which the functions of leadership are carried out, the way in which the manager typically behaves towards members of the group.

Decisions are enforced using rewards and the fear of punishment. Full authority and responsibility are assumed by the leader. When provided, communication tends to be primarily downward. If the authority of the autocratic leader becomes oppressive, subordinates may become insecure and afraid. Rosenbaum (1968) said that under conditions of stress, or when great speed and efficiency are required, autocratic leadership can yield positive outcomes. It can increase productivity and, more surprising, it can also enhance morale too. If the leader is weak and incompetent, this style possesses some advantage and certain disadvantages. The advantages are quick decision making and speedy accomplishment of the task.

According to Adono *et al.* (1950) a test (F-scale) is designed to measure authoritarianism. This personal syndrome was characterized as involving political and religious conservatism, emotional coldness, quest of power, hostility towards minority groups, resistance to change, rejection of humanitarian values and the like.

According to Harns (1991), autocratic style permits quick decision making and hence can be applied with success in situations where: the subordinated lack knowledge of organizational goals; the subordinates are inexperienced and lack training; the company endorses the fear and punishment as accepted disciplinary techniques; the leader prefers to be active and dominant in decision making; and, there is little room for error in final accomplishment.

According to Mcmury (1958) benevolent autocracy is more realistic and is capable of making the most of a bad situation. He argued that benevolent dictatorship is not only a faster moving but a more effective system of managing an enterprise.

In democratic or participatory style, the focus of power is more with the group as a whole and there is greater interaction within the group. Under this style, subordinates participate in goal setting and problem solving. This participation encourages member commitment to the final decision. The democratic leader creates situations by which individuals can lean, enables people to chat their own performance, allows subordinates to set challenging goals, provides opportunities for improved work methods and job growth and recognize achievements and helps employees learn from error.

Managers practicing this style are labeled as 'Theory Y' leaders. The **'Y'** according to McGregor (1967) refers to people who like to work and accept responsibility and are liable to exercise ingenuity, creativity and imagination. Vroom (1954), found that participative leadership has a positive effect only on those individuals with strong non - authoritarian values or high need for independence. Basic problem with the participative leadership style is that it may not yield positive results when the subordinates prefer minimum interaction with the leader.

2.2.4 Situational or Contingency Theory

This theory was developed by Austrian psychologist Fred Edward Fiedler in 1964. This theory emphasizes the importance both the leaders' personality and situation in which the leader operates. This theory claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Hence, for organizational performance, there is need for leadership development through the different practices in order to ensure the organization achieves its goals and objectives. This approach sees leadership as specific to the situation in which it is being exercised. For example, whilst some situations may require an autocratic style, others may need a more participative approach. It also proposes that there may be differences in required leadership styles at different levels in the same organization (Owens, 1995)

Current leadership research is almost entirely situational. Researchers, in this phase are working towards identifying those factors in each situation that influenced the effectiveness of a particular leadership style. Besides, this approach examines the interrelationships among leaders and subordinate behaviours or characteristics and the situations in which the parties find themselves. This can clearly be seen in the work of researchers such as Fiedler (1965) outlined one of the first situational models.

2.3 Conceptual Framework

A conceptual framework is an analytical tool with several variations and contexts (Neuman, 2000). It is used to make conceptual distinctions and organize ideas. Strong conceptual frameworks capture something real and do this in a way that is easy to remember and apply.

Figure 2.1 presents the conceptual framework which includes both dependent and independent variables. The dependent variable is Performance while the independent variables are Coaching, Empowerment, Participation and Delegation. Each of the independent variables influences each of the other independent variables, and this is shown by the vertical arrows between the independent variables. In addition, the independent variables both individually and collectively influence the dependent variable, which is Performance. This is demonstrated by the horizontal arrows from the independent variables to the dependent variable. The dependent variable was measured through the performance of microfinance institution market share, profitability and return on investment.

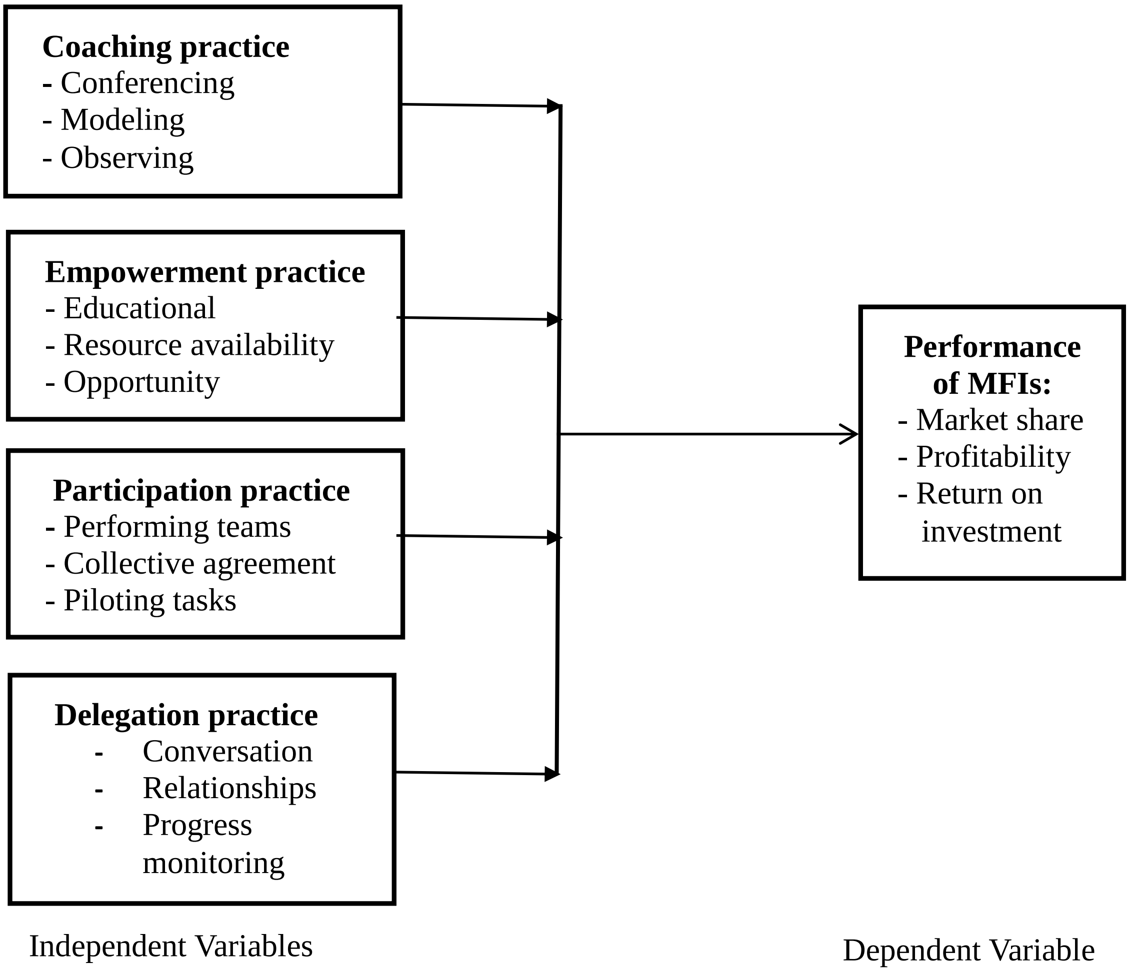

Figure 2.1: Conceptual Framework

2.3.1 Coaching practice

Coaching can be used on job to identify the problem area where an employee is lacking, or solving the problem of an employee and to encourage and solve problems themselves. According to Champathes (2006), coaching has become an important technique to improve leadership development. It is not a one way communication and proves to be a two way communications where coaches identify what can be improved and how it can be improved. Further coaching addresses the beliefs and behaviours that hinder performance (Toit, 2007). It can be further seen that coaching is all about helping someone else to improve performance (Starr, 2004). Further coaching addresses the beliefs and behaviours that hinder performance (Toit, 2007). It can be further seen that coaching is all about helping someone else to improve performance (Starr, 2004).

The prevalent use of executive coaching as a performance tool did not occur until the late 1980s (Tobias, 1996) and was first believed to have its roots in applied psychological sciences (Hall, Otazo & Hollenbeck, 1999). More recent researchers who continued to observe the expansion of coaching in various contexts assigned a much broader knowledge base as the foundation upon which coaching has developed. Stein (2004) suggested that coaching has its roots in educational theory, communication studies, social systems theory, the self-help movement, management and leadership theory, the holistic movement, athletic motivation theory, psychotherapy, and adult development theories. Hence, coaching as a leadership development practice has a significant influence of organizational performance.

There are numerous reasons why leadership coaching is becoming more popular within organisations and these are detailed below. Firstly, the rate of organisational change is accelerating in such a way that leaders now need to be continually prepared for change. De Geus and Senge in their book, The Living Company suggest that executives' ability to learn faster than [their] competition is [their] only sustainable competitive advantage. In this context, leadership coaching is a strategic tool which increases behavioural flexibility and helps leaders to identify, reflect on and take the action required to fill the gaps in this highly complex and global business world. (Smith & Sandstrom, 2000).

Secondly, organisational downsizing has contributed because positions that would have prepared managers for more senior positions have been removed (Warrenfeltz, 2000). Managers are therefore being promoted faster to relatively bigger roles in flat organisational systems and may lack the requisite, yet sometimes intangible, leadership skills that leadership coaching can be used to build.

Thirdly, leadership development has often been reactive and concerned itself- with remedial behavioural change. Today, there is a growing recognition of the costs associated with derailed executives and organisations are beginning to accept the benefits of pre-emptive and proactive leadership coaching (Greco, 2001).

Fourthly, executive management success is often viewed as a function of the productivity of subordinates; this in turn demands better developed interpersonal and team-building skills which may be assisted by leadership coaching (Greco, 2001). Finally, in a business economy where knowledge is recognised as a prime asset, it is essential that organisations improve leadership and personal development to ensure retention of valuable executives (Philabaum, 1999).

2.3.2 Empowerment practice

Duvall (2001) defines success as achievement, accomplishment and attainment which is a consequence of empowerment. He reveals this consequence in form of success through empowerment as; Individual success in form of leadership's role performance, Organizational success which is achieved as members of the organization accomplish collective organizational goals and objectives, and as organizational members share a mutually beneficial and satisfying work experience meeting both social and personal growth needs. Further Bartram and Casimir (2007) reveal in their study that empowerment had significant positive correlations with leadership development. And specifically empowerment was more strongly correlated with the in-role performance of followers than with satisfaction with the leader.

In recent years, enterprises are facing profound technology and business revolution. These changes bring flat and centralized organization design, flexibility, customer orientation, the improvement of quality and efficiency. In addition, the nature of work has changed a lot. It becomes more complex and demands more cognition. "Intellectual employees" become the core of the quickly increasing labour demand. Under the background of such a change, the empowerment leadership is born as a special kind of leader (Li & Wei, 2010).

The concept of empowerment leadership was proposed in 1990s. Manz originally called empowerment leadership as "super leadership" (Manz & Sims, 1990).

Therefore empowerment leadership could be isolated as an independent type of leadership. The difference between empowerment leadership and traditional leadership style is that empowerment leadership emphasizes the process of subordinate's self-influence instead of superior level control.

According to social exchange theory, power is a concept that represents the asymmetric control of resources and results in the context of a particular situation and social relations, such as the workplace (Magee *et al.*, 2008). Power works as a control mechanism as the possessor of power can drive others to help them achieve goals. The source of power can be the individual's ability to provide valuable resources to the organization, or his position in the organizational structure, professional skills and opportunities to access to specific knowledge or information. Therefore, empowerment is a kind of resource allocation strategy that can reduce the dependence on high power (Hakimi *et al.*, 2010). The empowerment leadership behaviour can be defined as a series of management practices, including decentralization, participation, information sharing and training (McClelland, 1975).

In the psychological literature, power and control are used to describe the state of belief individual's internal motivation or expectation (Ahearne *et al.*, 2005). Empowerment leadership behaviours from this perspective include any management decision or technology that can improve employee's inner level of motivation by enhancing his self-determining demand or self-efficiency (Conger & Kanungo, 1988). Thomas and Velthouse believed that empowerment was an improvement on the level of intrinsic motivation, and proposed the concept of "psychological empowerment" (Thomas & Velthouse, 1990). Spreitzer (1995) explained employees' perception of power as the four aspects of employee's perception of work meaning, self-efficacy, autonomy and influence.

2.3.3 Participation practice

Participative leadership is the process of making joint decisions or sharing influence in decision making by the leader and the leader's subordinates (Somech, 2005). Participative leadership involves the use of various decision procedures that allow other people some influence over the leader's decisions. Participative leadership can be regarded as a distinct type of behaviour, although it may he used in conjunction with specific task and relations behaviours (Yukl, 2002). For example, consulting with employees about the design of a work schedules may simultaneously involve planning better work schedules and showing concern for employee needs.

Participation offers a variety of potential benefits, but whether the benefits occur depends on who the participants are, how much influence they have, and other aspects of the decision situation. Pour potential benefits include higher decision quality, higher decision acceptance by participants, more satisfaction with the decision process, and more development of decision-making skills (Starr, 2004).

The experience or helping to make a complex decision can result in the development of more skill and confidence by pat1icipants. Whether the potential benefits are realized depends on how much involvement participants actually have in the process of diagnosing the cause of the problem, generating feasible solutions, evaluating solutions to identify the best one, and planning how to implement it. Participants who are involved in all aspects of the decision process learn more than participants who merely contribute to one aspect. For participants with little experience in making complex decisions, learning also depends on the extent to which participants receive coaching and encouragement from the leader during difficult stages of the decision process (Sheri-Lynne & Singh, 2007).

Researchers suggest that participation is a useful way of leadership development and leaders to use their skills in problem solving. Chen and Tjosvold (2006) have studied the participation and its importance by American and Chinese managers in China. Their research reveals that participation management is about involving employees in the decision making process where the leaders feel that they have the opportunity to discuss problems and can influence organizational decisions. The overall impact of participation is increased leadership development. Further, Lam *et al.* (2002) suggest that organizations can act to increase or decrease the levels of these mediator variables within their personnel and potentially strengthen the positive performance effects of leaders' participation.

Lack of consistent results about the effectiveness of participative leadership may also reflect the fact that various forms of participation are effective in some situations but not in others. In most studies of participation, researchers either ignored the situation entirely or identified limiting cond1tions only on a post hoc basis to explain discrepant results or lack of success. Few studies incorporated situational variables in a systematic manner or investigated whether different procedures are more effective for different types of decisions. This question is the subject of a contingency theory developed by Vroom (1954).

2.3.4 Delegation practice

Delegation involves the assignment of new responsibilities to subordinates and additional authority to carry them out (Hulme, 1999). Although delegation is sometimes regarded as a variety of participative leadership, there is ample justification for treating delegation as a separate category of managerial behaviour. Delegation is qualitatively different in some ways from the other forms of participative leadership such as consulting and joint decision making. A manager may consult with subordinates, peers, or superiors, but in most cases delegation is appropriate only with subordinates. Delegation has somewhat different situational determinants than consultation (Luthans, 1998). For example, a manager who is overloaded with work is likely to use more delegating but less consulting. Thus, it is not surprising that fador analysis of leadersbip questionnaires typically yields distinct factors for consulting and delegating (Yukl, 2002).

Yulk (2002) discusses, delegation involves assignment of new responsibilities to employees and additional authority to carry them. However, delegation is used to describe a variety and different forms of power sharing with individual subordinates. There are many reasons for delegating but amongst them the strongest reason is to develop leaders' skills and confidence.

The term delegation is commonly used to describe a variety of different forms and degrees of power sharing with individual subordinates. Major aspects of delegation include the variety and magnitude of responsibilities, the amount of discretion or range of choice allowed in deciding how to carry out responsibilities, the authority to take action and implement decisions without prior approval, the frequency and nature of reporting requirements, and the flow of performance information (Popper, 2005).

In its most common form, delegation involves assignment of new and different tasks or responsibilities to a subordinate. For example, a person who is responsible for manufacturing something is also given responsibility for inspecting the product and correcting any defects that are found. When new tasks are assigned, the additional authority necessary to accomplish the tasks is usually delegated also. For example, a production worker who is given new responsibility for ordering materials is given the authority (within specified constraints) to sign contracts with suppliers (Mullins, 2000).

In conclusion, it is apparent that by combining the entire above mentioned variables it can be seen that leadership development is accomplished through coaching, training and development, empowerment, participation and delegation.

2.4 Performance of MFIs

Among the few rigorous studies of performance, an important contribution is Cull *et al*. (2007). It examines financial performance and outreach, based on a large data set of 124 microfinance institutions in 49 countries. Their results show that MFIs providing mainly individual loans are more profitable, but the fraction of poor borrowers and of women in the loan portfolio is lower than in institutions that concentrate on group lending. Moreover, MFIs that provide individual loans increasingly focus on wealthier clients-often referred to as mission drift - while this is less so for the group- based MFIs. So an important policy implication is the importance of institutional design in reducing adverse impacts.

Whether prudential regulation and supervision affect the performance and outreach of MFIs is examined by Cull *et al*. (2011). This has become especially important as MFIs have begun collecting large deposits from the public especially from relatively poor people. Their analysis is based on the largest 245 MFIs. The main findings are: supervision has a negative effect on outreach, as supervision is positively associated with the average loan balance, while it is negatively associated with percentage of borrowers. Given the current emphasis on broadening of the capacity of MFIs through larger deposits, it is not self-evident that this approach is welfare enhancing.

According to Mersland (2007), programme design can often benefit from understanding how local ROSCAs (Rotating Savings and Credit Associations) operate. Generally the design should be kept as simple as possible. Before adding extra services, one should always consider the need, the synergy, and the cost of adding them. In some cases it can be appropriate to create finance groups. Book keeping should be comprehensive, but kept at the minimum level, money should be handled in public when all members are present, and the whole group should be trained in group operations to ensure transparency. It is of utmost importance that the members themselves decide on who to include in a group, and that they are all socially connected. Appropriate leadership is what often distinguishes well-performing groups.

The social performance of an organization (whether a private-for-profit firm, cooperative or NGO) comprises the relations of the organization with its clients and with other stakeholder groups. MFI have generally been developed to reach a population excluded from the classical financial system. MFIs can have the objective of reaching socially excluded populations or the poor, or simply to offer financial services in a region where classical banking systems are absent. The depth of outreach of the MFI can be measured to evaluate its focus on the economically and socially excluded population (Zeller & Meyer, 2002).

However, it should be noted that such an attachment of microfinance to market relevance (Otero & Rhyne, 2006) limits microfinance focus to financial performance of the institution rather than at the impact on the clients. It is increasingly preoccupied with diversifying the range of quality and flexible financial services that respond to the diverse needs of the (not-so) poor. Rightly, Dunford (1998) argues that this shift makes microfinance only a vehicle without a focused destination in regards to the passengers concerned with which way out of poverty. As a result, the poverty reduction agenda of the poor on which microfinance triumphed is now secondary to

MFIs profit maximization attainable by redirecting support to small or micro-business growth of the not-so-poor (Hulme 1999). Impliedly, client's economic development is sacrificed for market efficiency. In the same vein, social equity is forsaken for economic efficiency. Evidence of such lost missions can be seen from a microfinance evaluation that focuses first at how sustainable MFIs are. Who MFIs deals with and how they are faring in terms of the poverty line, is only useful for product development and outreach expansion.

2.5 Empirical Review

According to Tobias (1996), the term coaching was first used as a substitute word to describe the practices of consulting and counseling in an effort to make both seem less threatening and remedial. The reasons provided for the increased popularity of coaching have been speculative at best with some authors suggesting that bringing therapy into the workplace under the guise of coaching was one way for psychologists to revitalize their practices after the damaging effects of managed care (Filipczak, 1998; Tobias, 1996); however, Witherspoon and White (1996) provided a simpler, more direct explanation for its popularity. The authors stated that, "Coaching brings out the best in people" and can be utilized to facilitate the learning of new skills, increased performance, and to prepare individuals for advancement and change in organization.

The Egyptian National Microcredit Impact Survey (2008) sets out the aims of microfinance in terms of empowering women. According to this report, microfinance significantly contributes to the positive progress of women's economic participation, access to education, access to health care, and women's legal rights. Its findings also show that women who have successfully participated in microfinance feel better about themselves, are more confident in terms of seeking further opportunities, and have greater self-esteem, as they are appreciated more by their spouses and children, as well as other members of the community.

The study by Wydick *et al.* (2011) shows that although there are many influences that lead people to participate in microfinance, especially economic factors, social factors still play a large role in initially drawing people towards microfinance institutions. This implies that people are drawn to MFIs through social connections (in the authors' study, the MFI participants all belonged to the same social setting) and that the financial benefits cause them to stay.

A study by Clarkson and Deck (1997) shows that managing a microfinance institution during its initial stages is relatively straightforward, but that it becomes more complicated as the institution grows. For this reason the authors insist that management of a MFI must eventually be delegated to its membership. The advantages of such delegation in microfinance, especially in group lending, is that the members know and trust each other, and thus it is easier for them to enforce repayment through social sanctions, than it would be for a MFI manager, who is not a community insider, to do.

Cull, Demirgic-Kunt and Morduch (2007) show that performance of microfinance institutions can be measured either in terms of outreach or in terms of performance. However, the authors have noted that those MFIs that are more successful in terms of outreach to marginalized groups tend to be less successful in terms of loan repayment. On the other hand, microfinance institutions that focus on entrepreneurs (largely to the exclusion of other groups) report better financial returns, but their level of outreach to disadvantaged groups is poor.

2.6 Critique of existing literature

The study by Obaidullah (2008) addresses the manner in which a microfinance institution can coach its members (mainly women) to develop their skills, and this is supported by USAID (2006), which mainly focuses on coaching the youth. However, the aforementioned studies view coaching as part of a larger program of social development (including improving literacy and environmental welfare), and they do not focus exclusively on coaching their members on how to run microfinance. Thus it is fair to say that the studies on coaching are not focused enough on microfinance to provide significant insights into the performance of MFIs.

The study by Ledgerwood (1999) provides significant insights into how microfinance can be used to enhance the skills of entrepreneurs and the management skills of MFI members. However, it focuses almost exclusively on entrepreneurship and overlooks the other uses that funds from microfinance can be put to (such as paying school fees, acting as an 'income bridge' for people who are experiencing a temporary shortfall in income, and so on). Bennett, Hunte and Goldberg (1995) also mention using technical assistance to help entrepreneurs broaden their prospects. Nevertheless, the authors acknowledge that not everyone can make a good entrepreneur, and that there are some entrepreneurs in MFI who only need additional funding, not 100% funding that is often provided under microfinance. The authors also recognize that training and development in MFI should be used to enable members to run the MFI institution and to hopefully set up other MFIs in future.

Ledgerwood (1999) understands the donor driven MFIs are rarely concerned with the details of microfinance. Thus microfinance is viewed more of a charitable operation than as a financially viable enterprise. Such an approach is not beneficial to the poor who rely on microfinance, as charity creates dependency, which ultimately defeats the goal of microfinance, which is to empower people. The National Microcredit Impact Survey (2008) of Egypt also recognizes the significance of microfinance in empowerment, but it seems to be of the opinion that women are the only group in need of empowerment. This is a shortcoming shared by Ledgerwood (1999); Kulkarni (2011); Rai and Ravi (2011). All of the aforementioned authors overlook the needs of other marginalized groups for microfinance and empowerment, such as youth, marginalized ethnic communities and disaster survivors.

The National Microcredit Impact Survey (2008) of Egypt emphasizes the social factors that encourage participation in microfinance, while glossing over the economic factors. De Aghion and Morduch (2005) also focus on the social factors, but they examine the limitations that these social factors may place on the operation of microfinance, which is an approach that was also adopted by Banerjee and Duflo (2010). Hermes and Lensink (2011) on the other hand, are uncritically positive about the benefits of microfinance, without examining the pitfalls.

According to Becchetti and Castriota (2011) examine microfinance in a unique context (the Indian Ocean tsunami of 2004), they do not explain the extent to which microfinance after the disaster was influenced by donor aid. Since many microfinance institutions are donor funded, it is easy to lose track of which funds were intended as aid and which funds were intended to be repaid as part of a microfinance program. Although Islam (2011) shows that long term participation in microfinance is more effective than short term participation, the author seems to self-contradict, by arguing that MFI should be encouraged to offer larger loans in the short term. Finally, Wydick *et al.* (2011) address the social reasons for MFI participation, without enquiring into the economic reasons why people choose to participate in microfinance.

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) also adopt 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 qualities 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.

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 Associations (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. Hence, the above literature shows that there is inadequate information on influence of coaching, empowerment, participation and delegation on performance of microfinance institutions.

2.7 Research Gaps

From the previous review of literature, it came out clear that there is limited empirical evidence on the influence of leadership development practices on performance of microfinance institutions. In relation to coaching, the reviewed studies focus on social development as a whole, without giving adequate focus to the role that coaching can play in the specific aspect of improving performance in microfinance institutions (Starr, 2004). Furthermore, it is significant that coaching may be influenced either positively or negatively by the type of leadership that is applied within a microfinance institution (Champathes, 2006). Thus it is apparent that there is a gap in the literature regarding the influence of coaching on performance of microfinance institutions, specifically in Kenya. Therefore, the study sought fill this knowledge gap.

In terms of Empowerment, the overwhelming majority of the reviewed studies focus on using microfinance to empower women, disregarding other groups that may need empowerment (Rai & Ravi, 2011; Kulkarni, 2011; Tadros, 2010). It is also significant that leadership behaviour may have an influence on the outcomes of empowerment efforts by leadership of microfinance institutions. The preponderance of studies suggests that microfinance institutions benefit from being managed in a democratic manner, but this is in sharp contrast with the reality in some institutions, where the leadership tends to be autocratic in style and behaviour (USAID, 2006). This may have some relation to whether the leaders of such institutions are more transactional than transformational in character, but these linkages have not been comprehensively addressed in the research literature, which is why the current study sought to fill this gap in the literature by addressing influence of empowerment on performance of microfinance institutions in Kenya.

The literature that was reviewed on Participation examined participation in microfinance almost completely as a social phenomenon (Wydick *et al.,* 2011). While there is ample evidence to suggest that people may join MFIs for social reasons, such as the fact that they are influenced by members of their surrounding community, there may also be valid economic and financial reasons prompting them to join, which have not been addressed in the literature. Participation in decision making and management of microfinance plays a significant role in performance of the organization. However, there is inadequate empirical evidence on the influence of participation on performance of microfinance in Kenya. Hence, the study sought to fill this gap in the literature.

From previous literature review, it is clear that delegation is a positive factor in the operation of MFI (Spreitzer, 1995; Conger & Kanungo, 1988). However, there has been conflicting findings on the influence of delegation on organizational performance. This is because there is no guarantee that delegating authority within microfinance institutions will automatically result in efficient, harmonious operations (Dupas *et al.,* 2011). It is also significant that delegation of authority is a characteristic of certain theories of leadership, such as the transformational theory, while it is largely absent from other theories of leadership, such as the great man theory (Woods, 1913; Carlyle, 1907). Thus there is no coherent investigation into influence of delegation on performance of microfinance institutions. The study sought to fill this gap, with specific reference to microfinance institutions in Kenya.

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, namely, 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 and so on (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 behavioural 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). Thus, 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 which the study sought to fill.

2.8 Summary

This literature review has examined the influence of leadership development on the performance of microfinance institutions from the perspective of an overview of microfinance, followed by a theoretical framework in which each of the independent variables was linked to a scholarly theory. The relationship between all the variables was displayed in the conceptual framework. After this the literature pertaining to each variable was described at length. This was followed by an empirical review of key studies, and a critical review of the literature. From the foregoing the researcher identified a number of gaps in the literature, which will be used as the basis of the inquiry, which is set out further in Chapter Three.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents a systematic description of the methodology used to conduct the research. It comprises sections on research design, population, sampling frame and sampling procedures, data collection procedure, pilot study and data analysis.

3.2 Research Design

A research design is the plan, structure of investigation conceived to obtain answers to research questions that includes an outline of the research work from hypothesis, methods and procedures for collecting and analysing data and presenting the results in a form that can be understood by all (Mugenda & Mugenda, 2003). The choice of the research design was guided by the research question(s) and objective(s), existing knowledge, time and resources (Kothari, 2004). This study adopted a cross-sectional survey research design which focused on influence of leadership development on performance of micro finance institutions. The strategy was selected because it is helpful in exploration to answer who, what, where and how questions in human resource research (Neuman, 2000).

This study adopted cross sectional survey design because it focused at one point in time. Cooper and Schindler, 2010, describe survey as a process used to collect data using a highly structured questionnaire. Cross sectional survey design has ability to produce statistical information about aspects of education that interest policy makers and researchers. Zikmund (2003) says surveys provide quick, inexpensive, efficient and accurate means of accessing information about the population. The method is rigid and focuses on the objectives of the study (Gay, 2009).

A cross-sectional research design collects data to make inferences about a population of interest (universe) at one point in time. Cross-sectional surveys have been described as snapshots of the populations about which they gather data. Cross-sectional surveys may be repeated periodically; however, in a repeated cross-sectional survey, respondents to the survey at one point in time are not intentionally sampled again, although a respondent to one administration of the survey could be randomly selected for a subsequent one (Groves *et al.,* 2004).

Cross-sectional research studies are based on observations that take place in different groups at one time. This means there is no experimental procedure, so no variables are manipulated by the researcher. Instead of performing an experiment, you would simply record the data that you observe in the groups you are examining. Because of this, a cross-sectional research study can be used to describe the characteristics that exist in a group, but it cannot be used to determine any relationship that may exist. This method is used to gather data only. The information may then be used to develop other methods to investigate the relationship that is observed.

3.3 Target Population

A population is defined as a complete set of individual cases or objects with some common observable characteristics (Mugenda & Mugenda, 2012). Target population refers to the larger population to which the researcher ultimately would like to generalize the results of the study (Berg, 2001).   A particular population has some characteristics that differentiate it from other populations. The target population for this study were all the 3984 micro finance institutions registered with Association of Microfinance Institutions of Kenya (AMFI) 2015 directory and which are also under the Sacco societies regulatory authority (SASRA). The study targeted the chief executives, top and middle level officers of the microfinance institutions.

3.4 Sampling Frame

A sampling frame is a list of all items where a representative sample is drawn for the purpose of research. In this study, the sampling frame was a list of all the registered active micro finance institutions which were 3984, Sacco Societies Regulatory Authority (SASRA), 2014.The various types included: - Deposit taking, Rotating savings and credit, Community banks, Saccos, Banks, Micro-lending, Micro-finance, Non-deposit Microfinance and Insurance Lending.

3.5 Sample and Sampling technique

An optimum sample is one that fulfills the requirements of efficiency, representativeness, reliability and flexibility. This should be in a range of 10-30% (Serekan, 2009). Therefore, the current study sampled 10% of the target population of 3894 active microfinance institutions. As such the sample size of this study was 398 MFIs spread across the entire country.

This is the method applied in selecting the subject from the sampling frame. It is a process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group (Orodho & Kombo, 2002). The purpose of sampling is to gain understanding about some features or attributes of the whole population based on the characteristics of the sample. For descriptive studies such as this one, a sample of 10% to 20% is recommendable (Kumar, 2011).

The study used stratified sampling and grouped the different types of microfinances into nine strata (Deposit taking, Rotating savings and credit, Community banks, Saccos, Banks, Micro-lending, Micro-finance, Non-deposit Microfinance and Insurance Lending).

Then simple random sampling was used to identify the microfinance to be studied in which all members of the population have an equal chance of being selected for the study (Mugenda, 2012). From each of the selected microfinance institution the chief executive officer was purposefully sampled. Saunders and Lewis (2003) defined key informants as contact persons who help the field researcher gain information about a research setting.

3.6 Data Collection Instruments

A questionnaire is a research instrument that gathers data over a large sample and its objective is to translate the research objectives into specific questions, and answers for each question provide the data for hypothesis testing. The advantages of a questionnaire over other instruments include the fact that data can be collected from large sample without bias and enjoys a high level of confidentiality, since it is presented in paper or print form and that it is both convenient and cost effective (Neuman, 2000). A standardized questionnaire was used to collect primary data. The purpose of this instrument in the research was to measure the variables of the study (Mugenda, 2008). The questionnaire contained both open and closed ended questions. The open ended questions were used to enable the respondents give their opinions or suggestions. The closed ended questions aimed at giving precise information which minimised bias and facilitated data analysis using SPSS.

3.7 Data Collection Procedure

The researcher obtained permission from the Department Entrepreneurship, Technology, Leadership and Management (ETLM) of Jomo Kenyatta University of Science and Technology. Permission was also sought from the National Commission for Science and Innovation (NACOSTI) in order to commence the data collection exercise. Four research assistants were recruited and trained so that they were able to get quality results. They dropped the questionnaires to the chosen microfinances and the target participants or respondents were the chief executive officers. The chief executive officers were given two to three days to fill the questionnaires which were then collected by the research assistants. Secondary data was collected from reports and journals such as audited financial statements and accounts records from the respective MFIs and use of internet. Profitability data was also obtained through secondary sources through review of books of accounts for the MFIs. The number of questionnaires utilised to collect data for this study was 391, that is, 10% of the total number of MFIs in Kenya.

3.8 Pilot Test Study

The purpose of the pilot test was to refine the questionnaire so that respondents did not have problems in answering the questions and there were no problems in recording the data (Saunders *et al*, 2009). In addition, it enabled the researcher to obtain some assessment of the questions' validity and the likely reliability of the data that was to be collected. Pilot tests help the researcher to determine whether the proposals in the collection of data are applicable including the time taken to complete each tool (Mugenda & Mugenda, 2012).

The questionnaire was pre-tested to ensure clarity and content validity prior to them being administered. Pilot studies can save tremendous amount of time and money if properly done (Mugenda & Mugenda, 2012). Pilot studies help to clarify instructions, determine appropriate levels of independent variables, determine the reliability and validity of observational methods and work the bugs out of procedures. Testing the instruments with participants who match the participants to be involved in the actual study was vital in ensuring that the tool would measure what it ought to.

Cooper and Schindler (2011) agree that 1 per cent of the target should constitute the pilot test. The study used 40 questionnaires to administer the pilot test. Neuman, (2000) recommends 10% of the sample size to be used for piloting. Preliminary analysis using the pilot test data was undertaken to ensure that the data collected enabled investigative questions to be answered. The number of filled and returned questionnaires were recorded for the purposes of determining the response rate of the pilot study. The questionnaire was pretested to ensure clarity and content validity prior to them being administered in the final study.

Reliability analysis for testing reliability and the internal consistency of the data items was conducted using the Cronbach's alpha. The filled questionnaires were then reviewed and analysed by the researcher assisted by the supervisors from Jomo Kenyatta University of Agriculture and Technology, who offered their insights and suggestions as to how the research instrument was to be amended.

Most of the questions did not measure the extent to which they were required and others indicated the need for a yes or no response as opposed to extend. They were therefore revised as per advice of the supervisors so as to be able to measure the expected parameters.

The research assistants were also asked about any difficulties that they faced in administering the pilot study, and their responses, coupled with the researcher's own experiences in the field while conducting the pilot study, were taken into account in designing the final research instrument and the approach used in the actual study. These suggestions and changes were incorporated into the questionnaire that was used in the actual study.

3.8.1 Validity

Validity is the extent to which a test measures what we actually wish to measure (Cooper & Schindler, 2003). The study used content validity measurement. It is concerned with the relevance and representativeness of items such as individual questions in a questionnaire to the intended setting (Jackson, 2012). It is a measure of the degree to which data collected using a particular instrument represents a specific domain of indicators or content of a particular concept (Mugenda & Mugenda, 2003).

The data collection instrument adequately covered the topics that were defined as the relevant dimensions. This was determined through a careful definition of the topic, the items that were scaled and scales used. The measurement involved the degree to which the content of the items adequately represents the universe of all relevant items under study. The study used judgmental method since it is directly applicable without using the statistical procedure.

Construct validity will also be used to measure the validity of instruments. The construct validity of a test assesses the extent to which a measuring instrument accurately measures a theoretical construct or trait that it is designed to measure. One means of establishing construct validity is by correlating performance on the test for which construct validity has already been determined (Patton, 2002). A validity coefficient is computed by correlating data obtained from different tools that measure the same construct or other closely related construct.

3.8.2 Reliability

A measure is reliable to the degree that it supplies consistent results. Reliability is a necessary contributor to validity, but it is not a sufficient condition for validity.

Reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error. Reliable instruments can be used with confidence that transient and situational factors are not inferring. Reliable instruments are robust. They work well at different times under different conditions (Neuman, 2000).

Data reliability which is a measure of internal consistency and average correlation was measured using Cronbach's alpha coefficient which ranges between 0 and 1 (Kipkebut, 2010). Higher alpha coefficient values means that scales are more reliable. As a rule of thumb, acceptable alpha should be at least 0.70 or above. Cronbach's alpha is a general form of the Kunder- Richardson (K – R) 20 formula.

The formula is as follows:

$$KR_{20} = \frac{(K)(S^2 - \Sigma_S 2)}{(S^2)(K-1)}$$

KR_{20} = Reliability coefficient of internal consistency

K = Number of items used to measure the concept

S^2 = Variance of all scores

s^2= Variance of individual items

The study used internal consistency reliability (Cooper & Schidler, 2006). This approach use only one administration of an instrument or test to assess the internal consistency or homogeneity among the items. It indicates the homogeneity of the test (Mugenda, 2008). The split-half technique will be used. In this method, all odd numbered items constitute one part of the test and all even numbered items constitute another part of the test (Mugenda, 2008).

From a single administration of the single form of the test, two sets of scores are obtained. When the two halves are correlated, if the results of the correlation are high, the instrument is said to have high reliability in an internal consistency sense (Cooper & Schindler, 2006). The high correlation tells us there is similarity (or homogeneity) among the items. The Product Moment (PM) correlation is computed to find out the reliability of half test (Mugenda, 2008). A high coefficient implies that items correlate highly among themselves. That is, there is consistence among the items in measuring the concept of interest. The study had a co-efficient correlation of 0.76 which was acceptable (Neuman, 2000).

3.9 Data analysis and presentation

The purpose of data analysis was to prepare raw data for presentation and statistical inference (Kombo & Tromp, 2006). After the data had been collected, it went through a series of steps which included; editing, coding, classification and tabulation so that they were amendable to analysis (Marshall & Rossman, 2006). The quantitative data collected was analyzed by calculating response rate with descriptive statistics such as mean, median, standard deviation and proportions using Statistical Package for Social Sciences (SPSS) version 22 and Microsoft Excel. Cooper and Schindler 2006 argued that the use of percentages is important for two reasons; first they simplify data by reducing the numbers to range between 0 and 100. Second, they translate the data to standard form with a base of 100 for relative comparisons and easier in interpretation.

Editing detects errors and omissions, corrects them when possible, and certifies that maximum data quality standards are achieved. The editing of data ensured that the data was accurate, consistent with the intent of the question and other information in the survey, uniformly entered and averaged to simplify the coding and tabulation (Neuman, 2000).

Coding involved assigning numbers to answers so that the responses were grouped into a limited number of categories. Responses from the open-ended questions were coded and their frequencies determined through cross-tabulations on differences between respondents and the central tendencies of the responses to each factor. To devise a descriptive framework, the main variable components, themes and issues in the research proposal were identified (Yin, 2003). The analysed data was interpreted and presented in frequency tables, bar charts, graphs and pie charts. Each variable was analysed descriptively and then inferences made on the impact of each variable on the dependent variable (linear regression) and the impact of all the four variables on the dependent variable (multiple regression).

Regression analysis was done so as to test the relationship between the independent variables and dependent variable. Regression is conducted to analyse the nature and the strength of relationship between each of the independent variables and the dependent variable (Cooper & Schindler, 2006). It helps to explore the forms of these relationships (Kothari, 2004). In some restricted circumstances, regression analysis can be used to infer casual relationships between the independent and dependent variable. The study employed multiple regressions analysis.

Normality tests was done before data analysis (Cooper & Schindler, 2000). The Jarque-Bera test was used due to the size of the sample population (Cameron, 2005). This was done using skewness and kurtosis to check the normality of the distribution. The Kurtosis and skewness was ± 1.7 which was an indication that the data was normally distributed (Kothari, 2004).

3.9.1 Test of Hypothesis

A hypothetical multiple regression model based on conceptual relation was constructed in order to determine the role of leadership development on performance of micro finance institutions. The main objective was to find out how the various components of independent variables affect the performance of MFIs. The model consisted of variables that were believed to be components of leadership development and how they affect the performance of MFIs. These components were Coaching, Training and development, empowerment, participation and delegation. These factors which were hypothesized to have influence on performance of MFIs was expressed by the following model.

$$Y = B_O + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + e$$

Where

Y	Performance of Micro Finance Institution
X_1	Coaching
X_2	Empowerment
X_3	Participation
X_4	Delegation
B_O	Intercept
e	Stochastic term (error term)

B_1, B_2, B_3, and B_4represent a unit change in the dependent variable as a result of a unit change in the respective independent variables and it is the proportion of positive effect. F-test was carried out in the study at 95% confidence level. The significance of each independent variable was evaluated based on the value of t-statistic and corresponding p-value in the regression output. The null hypothesis H_o: $B_2 = 0$ was rejected whenever p-value was less than 5%. Qualitative data was analyzed through thematic analysis. Hence, data obtained through focus group discussions as well as interviews that were not amenable to quantitative analysis were grouped into themes. And then the discussions were made under those themes and sub-themes.

3.9.2 Operationalization of Study Variables

Leadership development practices

Organizations provide intentional effort to provide leaders and emerging leaders with opportunities to learn, grow and change through leadership development practices. The purpose of these practices is to produce individuals over time with the skills to function effectively within the organization. The leadership development practices for this study was adopted from the study by Gadot (2007), and included:

influence of coaching, delegation, empowerment and participation on performance. A five-point likert scale (1 =strongly disagree: 2 = disagree: 3= neutral: 4 =agree: 5 =strongly agree) was used for each of the statements corresponding to the various parameters of leadership development practices.

Coaching: according to this study, coaching is described as training or development process via which an individual is supported while achieving a specific personal or professional competence result or goal (Garson, 2010). The researcher used a five point response scale (1 =strongly disagree: 2 = disagree: 3= neutral: 4 =agree: 5 =strongly agree) statements to measure the perceived effect of coaching on firm performance.

Delegation: in this study, delegation is the assignment of responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities. According to Hulme (1999), delegation is one of the core concepts of management leadership since it provides for the development of self-worth by negotiating for latitude in decision making and changing aspects of the employee's job which leads to increased levels of perceived self-control and hence firm performance. The influence of this variable on firm performance was measured by five point response scale statements (1 =strongly disagree: 2 = disagree: 3= neutral: 4 =agree: 5 =strongly agree) which provided the perceived influence on profitability.

Empowerment: Leaders in organizations come up with interventions to bestow power upon employees and alter the context of the workplace to allow them to take power. The empowerment practices for this study was adopted from the study by Islam (2011) and dealt with systemic, structural, and programmatic issues as well as individual and managerial responsibilities. Examples include creating a shared vision; providing clear top-management support; the use of team and temporary group models of organization; responding to external circumstances; redesigning work to reflect collaborative norms; role models, peer alliances and mentoring. The researcher used a five point response scale (1 = strongly disagree: 2 = disagree: 3= neutral: 4 =agree: 5 = strongly agree) with statements was used to measure the perceived effect of empowerment on firm performance.

Participation: according to this study, participation referred to different mechanisms used by firms to increase employees' expressions, opinions and ideally exert influence - regarding political, economic, management or other social decisions in an organization. Participatory decision-making can take place along any realm of human social activity (Mersland, 2007). Five point response scale (1 = strongly disagree: 2 = disagree: 3= neutral: 4 =agree: 5 = strongly agree) with statements were included to assess the agreement between employees participation and firm performance.

Firm performance: In this study, firm performance was measured by subjective and objective measures of perceived profitability and by use of performance indicators. Perceived Profitability was measured as the degree of satisfaction with the firms' profitability, which was measured as percentage rate of performance during the past three years (2013, 2014 & 2015) to control for any fluctuations. The researcher used a four-point response scale (1=very unsatisfied: 2=neutral: 3=satisfied: 4=very satisfied) to measure performance indicators. The performance indicators included in the study were market share, profitability and return on investment. Similar indirect measure of firm performance (perceived profitability) have been used in prior research when financial statement data are unavailable or when they do not allow for accurate comparisons among firms (Powell, 2002).

Control variables: The main control variables in this study were organizational size and the duration it has been in operation (age) which would prevent in bias in estimating profitability. The size of the organization influences adoption of leadership development practices where large enterprises may have more resources to implement these strategies unlike when an organization is small. The duration the firm has been operational gave the age in years of the organization. Older firms may have an experience and knowledge in leadership practices hence it can easily adopt different leadership practices, while younger firms are likely to focus on the growth of the business. Organization size was measured as number of full time employees and age was measured in terms of the number of years of operation of the microfinance in Kenya.

CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents analysed results on the influence of leadership development practices on performance of microfinance institutions. It comprises the response rate, general characteristics of the study sample, descriptive statistics, multiple regression analysis and perceived relationship between independent variables and dependent variable.

4.2 Response Rate

From the study, 391 respondents filled-in and returned the questionnaires making a response rate of 98.24%. According to Mugenda and Mugenda (2012) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, the response rate obtained in this study was excellent for analysis and reporting.

4.3 General Characteristics of the Study Sample

4.3.1 Demographic information

According to the data presented in the Table 4.1, majority (50.9%) of the respondents were male while the minority (49.1%) were female. Regarding their age brackets, majority (35.8%) of respondents fall between the ages of 26-30 years, 25.0% fell between 31-35 years, 17.1% fell between 21- 35 years, and 15.3% fell between 35-40 years while minority 6.8% were above 40 years. In addition, majority (46.5%) of the respondents had undergraduate degree as their highest academic qualification, 39.7% had college, and 7.9% were post-graduates while 6.0% had form four as their highest academic level of education.

Table 4.1: Demographic characteristics

Gender	Frequency	Percentage %
Female	182	49.1
Male	189	50.9
Age		
21-25	65	17.1
26-30	136	35.8
31-35	95	25.0
35-40	58	15.3
above 40	26	6.8
Education level		
Form four	22	6.0
College	146	39.7
Undergraduate	171	46.5
Postgraduate	29	7.9

4.3.2 Location of the Institution

The researcher wanted to find out the location of the institution that the respondents worked for as either in the rural area or within urban area. Majority (83%) of the institutions were in the urban areas while the rest (17%) were located in the rural areas as tabulated in Table 4.2.

Table 4.2: Location of the Institution

Location	Frequency	Percentage %
Rural	63	17.0
Urban	307	83.0

4.3.3 Duration of Operation in Kenya

The researcher wanted to find out the duration in years of existence of the institutions in Kenya. The findings of this study (see Table 4.3) indicate that the majority of the organizations (35.0%) had been in operation for 6-10 years, with 19.2% being in operation for 1-5 years. Only 3.6% of the microfinances have been operation for 26-30 years. These findings show microfinance institutions have been in existence for long time and still some are still coming up.

Table 4.*3*: Duration of operation of the institutions

Duration (years)	Frequency	Percentage %
1 – 5 years	75	19.2
6 – 10 years	137	35.0
11 – 15 years	74	18.9
16 – 20 years	24	6.1
21 – 25 years	19	4.9
26 – 30 years	14	3.6
31 – 35 years	19	4.9
Over 36 years	29	7.4

4.3.4 Type of Microfinance Institution

In the data presented in Table 4.4, the researcher wanted to find out the types of the microfinance institutions the respondents worked for. Majority of the institution (27.9%) were Deposit-taking microfinance, 22.4% were rotating savings and credit, 20.7% were banks, while 19.3% and 9.8% were SACCOS and community bank respectively.

Table 4.4: Type of microfinance institution

Type of microfinance	Frequency	Percentage %
Deposit-taking Microfinance	97	27.9
Rotating Savings and Credit	78	22.4
Community Bank	34	9.8
Sacco	67	19.3
Bank	72	20.7

In addition, apart from the mentioned types of microfinances, the respondents stated other types of microfinance institutions which included Non-deposit microfinance (63.6%), microfinance (18.2%), insurance lending (9.1%) and micro-lending institutions (9.1%).

Table 4.5: Other types of microfinances

Type	**Frequency**	**Percentage %**
Micro lending	1	9.1
Microfinance	2	18.2
Non-deposit microfinance	7	63.6
Insurance lending	1	9.1
Total	11	100.0

4.3.5 The Names of Products offered by the Institution

The researcher wanted to find out the names of the products offered by the institutions and the results are presented in Table 4.6. Majority of the institutions (89.4%) offered loans, 3.6% of the institutions offered savings, 1.3% offered trade finance, and 1.0% offered training, business assets, investment and online check-off, while 0.7% offered cash free bonds. In addition, 0.3% of the institutions offered debt cards, farming and cash in cheques.

Table 4.6: Name of product

Name of product	Frequency	Percentage %
Loans	270	89.4
Training	3	1.0
Savings	11	3.6
Business assets	3	1.0
Investment	3	1.0
Debt cards	1	0.3
Farming	1	0.3
Trade finance	4	1.3
Cash free bind bonds	2	0.7
Cash in cheques	1	0.3
Online and check off	3	1.0

4.4 Descriptive Statistics

The purpose of this study was to investigate the influence of leadership development practices on the performance of microfinance institutions in Kenya. The researcher analyzed descriptive statistics for the following observed variables: coaching, leadership empowerment, leader participation and delegation on performance of microfinance institutions.

4.4.1 Influence of Coaching Practice on Performance of Microfinance Institutions

Table 4.7 shows that majority of the respondents (89.6%) agreed that coaching given to them had been broad enough to include all skills and competencies and 78.5% also agreed that their supervisors facilitated them on long term goal setting. While 79.2% of the respondents agreed that their supervisors allowed them to see how they organized their work to gain insight while 74.4% of the respondents also agreed that their supervisors' work plans were viable to them. Majority of the respondents

(81.6%) agreed that the supervisors showed them how they can improve their way of working. However, 41% disagreed that coaching was not a fulfillment factor in the performance of their duties while 52.6% of the respondents agreed that their supervisors did not set positive examples for them to follow.

Table 4.7: Influence of Coaching Practiceon Performance of Microfinance Institutions

Opinion statements	SD %	D %	N %	A %	SA %	Mean	Std. dev
Coaching given to me has been broad enough to include all skills and competencies.	1.0	2.9	6.5	47.9	41.7	4.26	0.789
My supervisor facilitates me on long term goal setting.	0.8	4.2	16.6	51.2	27.3	4.00	0.823
My supervisor allows me to see how he/she organizes his/her work to gain insight.	1.0	3.9	15.8	48.3	30.9	4.04	0.847
My supervisor's work plan is viable to all of us	1.6	6.6	17.4	48.9	25.5	3.90	0.909
The supervisor shows me how I can improve the way of working	1.0	5.7	11.7	50.3	31.3	4.05	0.866
Coaching is not a fulfillment factor in the performance of my duties.	10.9	30.1	29.1	19.7	10.1	2.88	1.153
My supervisor does not set positive examples for us to follow.	8.3	20.1	19.0	29.9	22.7	3.39	1.263
Average scores	**3.5**	**10.5**	**16.6**	**42.3**	**27.1**	**3.8**	**0.951**

SD =Strongly Disagree: D = Disagree: N= Neutral: A =Agree: SA =Strongly Agree: n=374

4.4.2 Influence of Participation Practice on Performance of Microfinance Institutions

In the data presented in Table 4.8 majority of the respondents (68.3%) agreed that they were allowed by the management to solve problems independently with 76.6% of the respondents agreed that the management involved them in decision making that affected their work. Many of the respondents (75.8%) agreed that they were satisfied with the feedback that they received from and given to their supervisors. However, 79.4% of the respondents agreed that the staff within their work department participated well to get the best work performance while 48.6% of the respondents disagreed that top management rarely ensured that decisions are made through a participatory manner and 81.3% of the respondents agreed that their jobs required them to keep learning new participatory competencies. Regarding the statement if the respondents could tell the impact that their work make in their institutions' goals, majority of them (74.8%) agreed that they can tell the impact of their work in the realization on the institution goals. While 63.4% of the respondents agreed that they did have a say in the decision making procedure of the organization.

Table 4.8: Influence of Participation Practiceon Performance of Microfinance Institutions

Opinion statements	SD %	D %	N %	A %	SA %	Mean	Std. dev
Management allows me to solve problems independently	3.4	14.0	14.3	46.5	21.8	3.69	1.065
Management involves me in decisions that affect my work.	2.3	7.8	13.2	49.1	27.5	3.92	0.962
Am satisfied with the feedback that I receive from and give to my supervisors.	1.0	7.3	15.9	49.2	26.6	3.93	0.898
Staff within my work department participate well to get the best work performance	1.3	3.7	15.7	50.7	28.7	4.02	0.842
Top management rarely ensure that decisions are made through a participatory manner	19.1	29.5	23.8	18.8	8.9	2.69	1.228
My job requires me to keep learning new participatory competencies.	0.5	4.9	13.2	44.4	36.9	4.12	0.856
I can tell what Impact my work makes in the institution goals	1.3	3.1	20.8	44.7	30.1	3.99	0.867
I have a say in the decision making procedure of the organization.	4.2	8.6	23.9	37.7	25.7	3.72	1.067
Average scores	**4.1**	**9.9**	**17.6**	**42.6**	**25.8**	**3.8**	**0.973**

SD =Strongly Disagree: D = Disagree: N= Neutral: A =Agree: SA =Strongly Agree: n=380

It is also clear that most of the respondents agreed with most of the aspects of participation with a mean of approximately 4 (agree). However on the statement ‘Top management rarely ensure that decisions are made through a participatory manner’ most of the respondents remained neutral with a mean of approximately 3. This could be attributed to the fact that decision making process in majority of organization is still the responsibility of top level management and there is low involvement of all the organization stakeholders.

4.4.3 Influence of Delegation Practice on Performance of Microfinance Institutions

The researcher wanted to find out from the respondents whether official tasks were delegated to them. From the data presented in Table 4.9, majority of the respondents (79.6%) agreed that delegation was used in the institution frequently. In addition, 69.0% of the respondents agreed that the management encouraged them to initiate tasks on their own. Many of the respondents (74.9%) agreed that the institutions were giving them challenging tasks so as to improve their skills and competences. Moreover, 75.6% of the respondents agreed that immediate supervisor followed up on the delegated tasks that they undertook. It was also observed that 65.8% of the respondents agreed that they received recognition on all successful delegated tasks undertaken.

Some of the respondents (41.4%) agreed that they occasionally select their most comfortable delegable tasks. The researcher wanted to find out the percentage of the tasks they were delegated daily. Majority of the respondents (44.4%) agreed that more than 50% of their daily tasks are delegated, 38.0% of the respondents disagreed that they delegate 50% of their daily tasks to others. Lastly, majority of the respondents (61.6%) agreed that those that successfully completed delegated tasks were highly recognized.

Table 4.9: Influence of Delegation Practiceon Performance of Microfinance Institutions

Opinion statements	SD %	D %	N %	A %	SA %	Mean	Std. dev
Delegation is used in the institution frequently	1.8	9.0	9.6	51.4	28.2	3.95	0.950
Management encourages me to initiate tasks on my own.	1.8	9.9	19.3	47.4	21.6	3.77	0.958
I am given challenging tasks to improve my skills and competences.	2.4	5.8	17.0	51.6	23.3	3.88	0.912
My immediate supervisor follow-up on the delegated tasks that I undertake.	1.3	6.8	16.4	47.0	28.6	3.95	0.914
I receive a reward/recognition on all successful delegated tasks that I undertake.	4.4	10.4	19.3	42.8	23.0	3.69	1.072
I occasionally select my most comfortable delegable tasks.	8.9	22.4	27.3	29.4	12.0	3.13	1.156
More than 50% of my daily tasks are delegated	7.4	19.6	28.6	32.8	11.6	3.22	1.114
I delegate 50% of my daily tasks to others	13.1	24.9	30.4	24.9	6.8	2.87	1.132
Those who successfully complete delegated tasks are highly recognized	8.3	7.3	22.8	40.4	21.2	3.59	1.146
Average scores	**5.5**	**12.9**	**21.2**	**40.9**	**19.6**	**3.6**	**1.039**

SD =Strongly Disagree: D = Disagree: N= Neutral: A =Agree: SA =Strongly Agree: n=355

4.4.4 Influence of Empowerment Practice on Performance of Microfinance Institutions

The results presented in table 4.10 indicated that 80.3% of the respondents agreed that they had resources that they needed to do their tasks effectively, 72.4% of the respondents agreed that they were satisfied with the career development opportunities at their institution. Majority of the respondents (73.5%) agreed that their supervisor provided them with adequate supervision to improve their way of working. Moreover, 68.6% of the respondents agreed that their employer provided them with ample opportunity for them to upgrade their skills, while majority of the respondents (44.2%) disagreed that they were at times not treated fairly by their supervisors.

It was also observed that most of the respondents (63.7%) agreed that the rules and reputations concerning their job were appropriate and flexible, and majority of the respondents (72.8%) agreed that within the institution, they had good opportunities for career development and promotion. Concerning if the senior management team keeps the employees informed about the institution future direction, 71.0% of the respondents agreed to the statement. The researcher wanted to find out from the respondents if training and safe work environment was granted to them. The majority of the respondents 62.0% and 70.9% agreed that training was granted to them after every performance appraisal and were assured of safe and healthy work environment respectively.

Table 4.10: Influence of Empowerment Practiceon Performance of Microfinance Institutions

Opinion statements	SD %	D %	N %	A %	SA %	Mean	Std. dev
I have the resources that I need to do my job effectively	2.1	8.0	9.6	44.4	35.9	4.04	0.981
I am satisfied with the career development opportunities at my institution	2.1	7.7	17.8	52.3	20.1	3.81	0.916
My supervisor provides adequate supervision to improve my way of working	2.3	9.8	14.2	48.4	25.1	3.84	0.987
My employer provides me with ample opportunity for me to upgrade my skills	3.1	10.1	18.1	44.0	24.6	3.77	1.030
At times am not treated fairly by my supervisor	17.8	26.4	26.2	18.3	11.3	2.79	1.253
The rules and reputations concerning my job are appropriate and flexible	2.3	10.4	23.6	47.4	16.3	3.65	0.950
Within the organization, I have good opportunities for career development and promotion	4.1	6.5	16.6	47.9	24.9	3.83	1.010
The senior management team keeps me informed about the institution future direction.	3.7	5.2	20.1	47.8	23.2	3.82	0.970
Training is granted to me after every performance appraisal	5.5	8.8	23.6	46.2	15.8	3.58	1.033
I am assured of a safe and healthy work environment	4.7	6.5	17.9	40.0	30.9	3.86	1.073
Average scores	**4.8**	**9.9**	**18.8**	**43.7**	**22.8**	**3.7**	**1.020**

SD =Strongly Disagree: D = Disagree: N= Neutral: A =Agree: SA =Strongly Agree: n=367

4.4.5 Institution Performance

The results in table 4.11 shows that 85.9% of the respondents agreed that membership has contributed to the achievement of the institutions improved performance. In addition, majority of the respondents (77.8%) and (85.8%) agreed that having a good capital base had contributed to the enhanced performance of the institution and that good capital base had enabled the institutions to develop capacity to address future performance challenges respectively. Moreover, majority of the respondents (77.7%) agreed that return on investment enabled the performance of the institutions to remain relevant.

Table 4.11: Institution Performance

Opinion statements	SD %	D %	N %	A %	SA %	Men	Std. Dev
Membership has contributed to the achievement of the institutions improved performance	0.3	1.8	12.0	54.4	31.5	4.15	0.714
Having a good capital base has contributed to enhanced performance	0.0	2.9	19.3	47.1	30.7	4.06	0.783
The good capital base has enabled institutions to develop capacity to address future performance challenges	0.3	1.8	12.2	52.1	33.7	4.17	0.726
Return on Investment enables the institutions performance to remain relevant	0.5	4.2	17.7	43.8	33.9	4.06	0.853
Average scores	**0.3**	**2.7**	**15.3**	**49.4**	**32.4**	**4.1**	**0.769**

SD =Strongly Disagree: D = Disagree: N= Neutral: A =Agree: SA =Strongly Agree: n=380

4.4.6 Perceived Profitability and Firm Performance

Table 4.12 shows that majority of the respondents who participated in study (75.8%) indicated that the performance of the institution was good for the year 2013, with 84.9% of the respondents indicated performance of year 2014 was good while 77.3% of the respondents also stated the performance of 2015 was good.

Table 4.12: Perceived Profitability and Firm Performance

YEAR	VP%	P%	G%	VG%	E%	Mean	Std. Dev
2013	3.5	16.4	45.0	30.8	4.3	3.16	0.871
2014	1.3	6.6	42.6	42.3	7.2	3.47	0.779
2015	2.6	5.5	29.8	45.5	16.5	3.68	0.904
Average scores	**2.5**	**9.5**	**39.1**	**39.5**	**9.3**	**3.4**	**0.851**

VP=Very Poor: P= Poor: G= Good: VG =Very Good: E= Excellent: n=380

The researcher also wanted to find out the percentage rate of performance in the financial institutions. The results in table 4.13, shows that majority of the respondents (37.1%) stated that their institutions performed at a percentage rate of between 51%-70%, 27.9% of the respondents stated that their institutions performed at 31%-50%, 26.3% of the respondent stated that their institution performance was over 71% while 6.3% of the respondents stated the performance of the institution was in the bracket of 11%-30%. The minority 2.4% of the respondents however stated that their institution performed at less than 10%.

Table 4.13: Percentage rate of performance in the financial Institution

Rate of performance	Frequency	Percentage %
Less than 10%	9	2.4
11%-30%	35	6.3
31%-50%	106	27.9
51%-70%	141	37.1
Greater than 71%	100	26.3
Total	**391**	**100.0**

4.4.7 Factors affecting accessibility of members to credit facilities

The researcher wanted to find out the factors affecting accessibility of members to credit facilities. The table 4.14 shows that majority of the respondents (64.3%) regarded interest rate as a factor that very much affected accessibility of members to credit facilities, while 69.2% of the respondents regarded collateral security as a factor that much affected accessibility of members to credit facilities. In addition, majority of the respondents (66.1%) regarded literacy level as a factor not quite much affecting accessibility of members to credit facilities.

Table 4.14: Factors affecting accessibility of members to credit facilities

Factor	Not at all	Not quite much	Much	Very much	Mean	Std. dev
Interest rate	6.9	28.8	29.6	34.7	2.08	0.953
Collateral security	6.0	24.9	35.5	33.7	2.03	0.908
Literacy level	27.1	39.0	23.5	10.3	2.83	0.945
Average scores	**13.3**	**30.9**	**29.5**	**26.2**	**2.3**	**0.935**

n=380

4.4.8 Extent of satisfaction on performance indicators

The researcher wanted to find out the extent of satisfaction of the respondents with performance indicators in the organization. Table 4.15 shows majority of the respondents (81.7%) were satisfied with performance planning, while 79.2% of the respondents were satisfied with performance evaluation. In addition, 77.2%, 83.3% and 78.0% of the respondents were satisfied with performance feedback, coaching and training respectively.

Table 4.15: Extent of satisfaction on performance indicators

Opinion statements	VU %	N%	S %	VS %	Mean	Std. dev
Performance planning	3.4	15.0	52.2	29.5	1.92	0.758
Performance evaluation	3.4	17.4	55.4	23.8	2.00	0.740
Performance feedback	5.7	17.1	50.8	26.4	2.02	0.815
Coaching/ mentoring	2.6	14.1	47.0	36.3	1.83	0.762
Training	4.5	17.6	44.9	33.1	1.93	0.826
Average scores	**3.9**	**16.2**	**50.1**	**29.8**	**1.9**	**0.780**

VU=Very Unsatisfied: N=Neutral: S=Satisfied: VS=Very Satisfied: n=380

In the table 4.16 majority of the respondents (82.1%) agreed that that the current leadership development practices had improved their performances while the minority 17.9% of the respondents disagreed on the same. Moreover, majority of the respondents (90.7%) agreed that their performance was very motivating to them. The minority 9.3% of the respondents disagreed that their performance was very motivating to them.

Table 4.16: Improvement and Motivation of Performance

Opinion statements		Frequency	Percentage %
Current leadership development practices has improved your performance	No	67	17.9
	Yes	308	82.1
My performance is very motivating to me	No	34	9.3
	Yes	333	90.7

The data presented in Table 4.17 shows the extent of satisfaction of the respondents with job performance. Majority of the respondents (37.9%) were satisfied to large extent, 36.1% of the respondents were satisfied to a moderate extent and 12.5% of the respondents were satisfied to a very large extent. However, 11.1% of the respondents were satisfied to a small extent while the minority of the respondents (2.4%) were satisfied to no extent.

Table 4.17: Extent of Satisfaction with Job Performance

Extent of satisfaction	Frequency	Percent
No extent	9	2.4
Small extent	42	11.1
Moderate extent	150	36.1
Large extent	143	37.9
Very large extent	47	12.5

4.4.9 Leadership Development Practices and Performance

The researcher wanted to find out from the respondents the effects of leadership development practices on performance of the organizations. Table 4.18 shows that majority of the respondents (89.5%) agreed that coaching had enabled them to act and work flexibly to increase their performance, 80.9% of the respondents agreed that coaching had facilitated them to become better team performers, while 85.8% of the respondents agreed that evaluation after coaching was fairly done and lead to their improved performance. In addition, 85.8% of the respondents agreed that coaching skills gained had been adequate to improve their performance. The majority of the respondents (78.4%) agreed that leadership by example by the management had greatly helped them improve their performance, 78.0% of the respondents agreed that their managers/supervisors were strong champions of leadership and performance. Moreover, 73.9% of the respondents agreed that their involvement in the decision making process of the institution had positively lead to their improved performance. In addition, 69.1% of the respondents strongly agreed that their good performance had greatly been enhanced by frequent duty delegation.

The researcher also wanted to find out if the management consistently emphasized delegation to promote excellent and quality results. It was observed that majority of the respondents (69.4%) agreed that the management consistently emphasized delegation to promote excellent and quality results but 57.4% of the respondents disagreed that the extent of delegation had nothing to do with their performance. However, majority of the respondents (73.2%) agreed that through delegation they were able to raise issues and challenges they faced in their performance. Moreover, 49.1% of the respondents disagreed that delegation was never done to them with performance in mind. It was also indicated that 66.2% of the respondents agreed that recognition, encouragements and reward had contributed to their good performance, 73.8% of the respondents agreed that the top management met and co-operated with the staff to improve quality of performance and 72.4% of the respondents agreed that their supervisors protected them by ensuring a safe environment for better performance.

Table 4.18: Leadership Development Practices and Performance

Opinion statements	SD %	D %	N %	A %	SA %	Mean	Std. dev
Coaching enables me to act and work flexibly to increase performance.	1.3	1.6	7.6	58.9	30.6	1.84	0.734
Coaching has facilitated me to become a better team performer.	1.0	2.4	15.7	53.4	27.5	1.96	0.788
Evaluation after coaching is fairly done and leads to my Improved performance.	1.6	2.6	10.1	57.1	28.7	2.12	0.977
Coaching skills gained have been adequate to improved performance.	1.6	2.6	10.1	57.1	28.7	1.91	0.790
Leadership by example by the management has greatly helped me improve my performance.	1.8	4.9	14.8	53.5	24.9	2.05	0.870
My manager/supervisor is a strong champion of leadership and performance.	1.8	4.1	16.1	47.9	30.1	2.00	0.890
My involvement in the decision making process has positively led to improved performance.	0.8	7.2	18.1	46.5	27.4	2.07	0.900
My good performance has greatly been enhanced by frequent delegations.	2.1	9.7	19.1	46.1	23.0	2.22	0.976
The management consistently emphasizes delegation to promote excellent and quality results.	3.4	6.5	20.8	43.9	25.5	2.18	0.997
The extent of delegation has nothing to do with my performance.	16.7	40.7	19.3	16.7	6.6	2.56	1.146
Through delegation I am able to raise issues and challenges I face in my performance.	2.9	6.0	18.0	54.7	18.5	2.20	0.908
Delegation is never done to me with performance in mind.	14.8	34.3	24.4	19.7	6.8	2.69	1.145
Recognition, encouragement and reward has contributed to my good performance.	4.2	9.6	20.0	41.8	24.4	2.27	1.064
The top management meets and co-operates with us (staff) to improve quality performance.	2.8	8.0	15.3	51.3	22.5	2.17	0.963
My supervisor protects me on the job by ensuring that I have a safe working environment for better performance.	4.4	7.0	16.1	44.9	27.5	2.16	1.045
Average scores	**4.1**	**9.8**	**16.4**	**46.2**	**23.5**	**2.2**	**0.946**

SD =Strongly Disagree: D = Disagree: N= Neutral: A =Agree: SA =Strongly Agree: n=359

4.4.10 Cronbach report on construction of variables

The researcher conducted Cronbach test to check the validity and reliability of the research variables used in the study and are presented in table 4.19.

Table 4.19: Results of Reliability Test: Cronbach's Alpha

Variables	Number of items	Cronbach's alpha	Mean	Std. dev
Coaching	5	0.821	4.052	0.642
Empowerment	10	0.853	3.704	0.546
Delegation	9	0.809	3.563	0.657
Participation	8	0.676	3.762	0.678

Armstrong and Foley (2003) suggested that "the closer Cronbach's alpha is to 1.00, then, the more reliable the scale". Nunnally *et al.* (1994) also stated that a value for Cronbach's alpha coefficient greater than 0.60 is considered acceptable. This rule of thumb is further supported by Frenetic (1991) who recommended that corrected item-total correlations should range between 0.30 and 0.70 for a good scale. Coaching had a Cronbach alpha of 0.821 and average mean of 4.1 which was high. This means majority of the respondents agreed to the statement concerning influence of coaching on performance of microfinance. Concerning empowerment, delegation and participation, they had Cronbach alpha of 0.853, 0.809 and 0.676 respectively. In addition, they had means of 3.7, 3.6 and 3.8 respectively, which was high showing that majority of the respondents agreed to the statement concerning influence of participation, delegation and empowerment on performance of microfinance. In conclusion, all reliability coefficients as shown in Table 20 have exceeded the minimum acceptable level of 0.60 as suggested by Nunnally *et al.* (1994) and Ferketich (1991). Therefore, this indicates that the items used in the construct are reliable and consistent.

The researcher also conducted test for multicollinearity through variance inflation factor. The results are presented in Table 20.

Table 4.20: Test for Multicollinearity

Variables	Tolerance	VIF
Coaching	0.455	2.199
Empowerment	0.471	2.124
Delegation	0.592	1.689
Participation	0.490	2.040

The rule of thumb is, if VIF is more than 10, multicollinearity is strongly suggested, but from the results it is clear that there was no multicollinearity between the variables. This is because, the VIF for all the variables were less than 10.

4.5 Multiple Regression Analysis

4.5.1 Pearson's product moment correlation coefficient

In this study Pearson's Product Moment Correlation Coefficient was used to determine whether there is significant relationship between coaching, participation, delegation and empowerment with performance of microfinance institutions. The following section presents the results of Pearson's Product Moment Correlation on the relationship between independent variables and dependent variable. The table 4.21 indicates that the correlation coefficients for the relationships between performance and its independent variables are linear and positive ranging from substantial to strong correlation coefficients.

As it is clearly indicated in the above Table 4.21, a strong positive relationship was found between participation and performance ($r = 0.569$, $p < 0.01$), empowerment and performance ($r = 0.524$, $p < 0.01$), coaching and performance ($r = 0.493$, $p < 0.01$) and delegation and performance ($r = 0.413$, $p < 0.01$), which are statistically significant at 99% confidence level. This implies that at a 1% level of significance it was discovered that the coaching, participation, delegation and empowerment plays a significant role in determining theperformance of microfinance institutions.

Moreover, the Table presents the association between the selected variables. From the results all correlations are significant (p <0.01). There is statistically significant relationship between participation and coaching (r = 0.664, p <0.01), empowerment and coaching (r = 0.645, p <0.01) and delegation and coaching (r = 0.543, p <0.01). The result further indicates that, there is a substantial positive correlation between empowerment and participation (r = 0.616, p <0.01) and delegation and participation (r = 0.563, p <0.01), which is statistically significant at 99% confidence level. There exists a positive relationship between empowerment and delegation (r = 0.562, p < 0.01) which was statistically significant at 99% confidence level. According to Hair, Black, Anderson and Tatham (2006), the correlation coefficient between each pair of independent variables in the Pearson's correlation should not exceed 0.90. This is because the data may be suspected to have serious collinearity problem if the correlation value exceeds 0.90 (Hair *et al.*, 2006). The results indicate that the highest correlation coefficient was 0.664 which is between participation and coaching and is still less than 0.90. Hence, it was assumed that there was no multi-colinearity problem among the variables. The findings of this analysis were then compared against the hypothesis developed in study.

Table 4.21: Pearson inter-correlation between the variables

	Firm Performance	Coaching	Participation	Delegation	Empowerment
Firm Performance	1	0.493**	0.569**	0.413**	0.524**
Coaching		1	0.664**	0.543**	0.645**
Participation			1	0.563**	0.616**
Delegation				1	0.562**
Empowerment					1

** Correlation is significant at p<0.01 level (2-tailed)

4.5.2 Test of Hypotheses

The researcher undertook this analysis in order to find out whether the data collected was valid and to determine their accuracy. In the hypothesis testing, the main aim is whether to reject the null hypothesis or fail to reject the null hypothesis (Kothari, 2009).

H_1: Hypothesis One

The first null hypothesis stated that there is no significant influence of coaching as a leadership development practice on the performance of microfinance institutions in Kenya. To test this hypothesis regression analysis was used to analyze the magnitude and direction of the relationship in which coaching index was regressed on performance index.

Table 4.22: Regression Analysis results on the Relationship between Coaching and Firm Performance

Model summary				
Model	R	R^2	Adj. R^2	Std. Error
1	0.493^a	0.243	0.241	0.48698

ANOVA

Model	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.196	1	29.196	123.110	$<0.001^b$
	Residual	91.066	384	0.237		
	Total	120.262	385			

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.317	0.159		8.298	0.001
Coaching	0.429	0.039	0.493	11.096	<0.001

a. Dependent Variable: Firm performance

b. Predictors: (Constant), Coaching

The regression results in Table 4.22 show that the association between coaching and organization performance was significant, $[F(1{,}384) = 123.110, P < 0.001]$. It was discovered that coaching of employees do play a significant role in determining the performance of microfinance institutions in Kenya ($B=0.493$, $p<0.001$). These results shows that for every unit increase in coaching, there was a corresponding increase in firm performance by about 0.493 units. With $R^2 = 0.243$, the model implies coaching explained 24% of the variation in performance. Therefore the model failed to explain 76% of the variation, meaning that there are other factors associated with organization performance which were not fitted in the model.

The model equation is therefore,

$$Y = 1.317 + 0.493X_1$$

Where Y is organization performance and X_1 is coaching.

Since the p-value was less than 0.05, the null hypothesis was rejected and it was concluded that there is a statistically significant relationship between coaching as a leadership development practice on the performance of microfinance institutions in Kenya. It is, therefore, the conviction of the researcher that the style of coaching as a leadership development practice should be aligned with the expectations as well as needs of microfinance performance institutions in Kenya. This will help to achieve the ultimate aim of the financial institutions since the study established that coaching given to workers had been broad enough to include all skills and competencies of workers and subsequent performance of finance institutions.

The empirical findings of this study indicated that coaching statistically and significantly influenced firm performance of microfinance institutions in Kenya. When a microfinance institution in Kenya considered coaching as a leadership development practice the firm performance would increase. These results are consistent with previous studies investigating the influence of coaching on overall firm performance. The findings of a study conducted by Champathes (2006), reveal that coaching has become an important technique to improve leadership development and it is positively correlated with firm performance. Further coaching addresses the beliefs and behaviours that hinder performance (Toit, 2007). It can be further seen that coaching is all about helping someone else to improve performance (Starr, 2004). Further coaching addresses the beliefs and behaviours that hinder performance (Toit, 2007).

4.5.3 Test of Hypothesis 2

Regression analysis was conducted to determine the proportion of microfinance performance (dependent variable) which could be predicted by empowerment (independent variable). The hypothesis which states that here is no significant influence of empowerment as a leadership development practice on the performance of microfinance institutions in Kenya was used.

To test this hypothesis, the model $Y = B_o + B_2X_2 + \varepsilon$ was fitted. Table 4.23 shows the regression analysis results between empowerment and firm performance.

Table 4.23: Regression Analysis results on the Relationship between empowerment and Firm Performance

Model summary				
Model	R	R^2	Adj. R^2	Std. Error
1	0.524^a	0.275	0.273	0.4765

ANOVA						
Model	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33.302	1	33.302	146.667	$<0.001^b$
	Residual	87.872	387	0.227		
	Total	121.174	388			

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.460	0.134		10.872	0.001
Empowerment	0.432	0.036	0.524	12.111	<0.001

a. Dependent Variable: Firm performance
b. Predictors: (Constant), Empowerment

Table 4.23 presents the coefficients of the regression results and it is evident that empowerment has significant influence on performance of microfinance institutions,$[F(1{,}387) = 146.667, P < 0.001]$. The standardized coefficients of the regression was (B=0.524 p<0.001) indicating that every unit increase in leadership empowerment, there was a corresponding increase in firm performance by about 0.524. With $R^2 = 0.275$, the model implies empowerment explained 28% of the variation in performance. Therefore the model failed to explain 72% of the variation, meaning that there are other factors associated with organization performance which were not fitted in the model. The model equation is therefore,

$$Y = 1.460 + 0.524X_2$$

Where Y is organization performance and X_2 is empowerment.

Since the p-value was less than 0.05, the null hypothesis was rejected and it was concluded that there is a statistically significant relationship between empowerment as a leadership development practice on the performance of microfinance institutions in Kenya. The empirical findings of this study indicated that empowerment statistically and significantly influenced firm performance of microfinance institutions in Kenya. When a microfinance institution in Kenya considered leadership empowerment, firm performance increased. These results are consistent with previous studies investigating the influence of empowerment on overall firm performance. The findings of a study conducted by Bartram and Casimir (2007) reveal that empowerment had significant positive correlations with leadership development. And specifically empowerment was more strongly correlated with the in-role performance of followers than with satisfaction with the leader.

It is, therefore, the opinion of the researcher that the empowerment as a leadership development practice should be aligned with the expectations as well as needs if of microfinance institutions in Kenya if it is to be achieved as the ultimate aim of the financial institutions since the study has established that empowerment and performance of finance institutions.

4.5.4 Test of Hypothesis 3

Regression analysis was used to test the third hypothesis which stated that there is no significant influence of participation as a leadership development practice on the performance of microfinance institutions in Kenya, the model $Y = B_o + B_3X_3 + \varepsilon$ was fitted. Table 4.24 presents the regression analysis results between empowerment and firm performance.

Table 4.24: Regression Analysis results on the Relationship between participation and Firm Performance

Model summary				
Model	R	R^2	Adj. R^2	Std. Error
1	0.569[a]	0.324	0.322	0.4614

ANOVA

Model	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	39.192	1	39.192	184.108	<0.000[b]
		81.958	385	0.213		
	Residual	121.150	386			
	Total					

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.862	0.164		5.268	0.001
Participation	0.584	0.043	0.569	13.569	<0.001

a. Dependent Variable: Firm performance

b. Predictors: (Constant), Participation

The regression results in Table 4.24 show that the association between participation and organization performance was significant, $[F(1,385) = 184.108, P < 0.001]$. The results indicated that participation positively and significantly influenced firm performance of microfinance institutions in Kenya (B=0.584 p<0.001). The standardized Beta coefficient shows that for every unit increase in leadership participation, there was a corresponding increase in firm performance by about 0.584. Besides, given the R Square value of 0.324 and adjusted R square value of 0.322, it may be realized that 32.2% of the variation in performance can be explained by the independent variables. The remaining 67.8 % of the variance is explained by other variables not included in this study. The model equation is therefore,

$Y = 0.862 + 0.584X_3$

Where Y is organization performance and X_3 is participation.

Since the p-value was less than 0.05, the null hypothesis was rejected and it was concluded that there is a statistically significant relationship between participation as a leadership development practice on the performance of microfinance institutions in Kenya.

The empirical findings of this study indicated that participation statistically and significantly influenced firm performance of microfinance institutions in Kenya. When a microfinance institution in Kenya considered leadership participation firm performance would increase. These results are consistent with previous studies investigating the impact of participation on overall firm performance. The findings of a study conducted by Lam *et al.* (2002) suggest that organizations can improve the performance of individual employees if they are involved indecision making process where the employees feel that they have the opportunity to discuss problems and can influence organizational decisions. The overall impact of participation is increased leadership development and increased organizational performance.

This confirms that essentially there is a strong relationship between participation and this influence empowerment development practice on the performance of microfinance institutions in Kenya. It is, therefore, the conviction of the researcher that the participation as a leadership development practice should be aligned with the expectations as well as needs if microfinance institutions in Kenya, since the study has established that management encourages the workers to initiate tasks on own and this influence on the performance of the microfinances.

4.5.5 Test of Hypothesis 4

Regression analysis was conducted to determine the proportion of microfinance performance (dependent variable) which could be predicted by delegation (independent variable). The fourth hypothesis stated that there is no significant influence of delegation as a leadership development practice on the performance of microfinance institutions in Kenya.

To test this hypothesis, the model $Y = B_o + B_4X_4 + \varepsilon$ was fitted. Table 4.25 shows the regression analysis results between empowerment and firm performance

Table 4.25: Regression Analysis results on the Relationship between Delegation and Firm Performance

Model summary

Model	R	R^2	Adj. R^2	Std. Error
1	0.413^a	0.170	0.168	0.5102

ANOVA

Model	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.640	1	20.640	79.265	$<0.001^b$
	Residual	100.513	386	0.260		
	Total	121.154	387			

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.807	0.143		12.642	0.001
Delegation	0.351	0.039	0.413	8.903	<0.001

a. Dependent Variable: Firm performance

b. Predictors: (Constant), Delegation

The regression results in Table 4.25 show that the association between participation and organization performance was statistically significant, $[F(1{,}386) = 79.265, P < 0.001]$. The results indicated that delegation positively and significantly influenced firm performance of microfinance institutions in Kenya ($B=0.351$ $p<0.001$) indicating that every unit increase in delegation, there was a corresponding increase in firm performance by about 0.351. With $R^2 = 0.170$, the model implies participation explained 17% of the variation in performance. Therefore the model failed to explain 83% of the variation, meaning that there are other factors associated with organization performance which were not fitted in the model. The model equation is therefore,

$$Y = 1.807 + 0.351X_4$$

Where Y is organization performance and X_4 is delegation.

Since the p-value was less than 0.05, the null hypothesis was rejected and it was concluded that there is a statistically significant relationship between delegations as a leadership development practice on the performance of microfinance institutions in Kenya.

The empirical findings of this study indicated that delegation statistically and significantly influenced firm performance of microfinance institutions in Kenya. When a microfinance institution in Kenya considered delegation as a leadership development practice the firm performance would increase. These results are consistent with previous studies investigating the impact of delegation on overall firm performance. The findings of a study conducted by Clarkson and Deck (1997) who stated that delegation was an aspect of corporate governance which can improve the performance of microfinance especially those which are growing rapidly. Therefore, the overall influence of delegation is increased leadership development and increased organizational performance. This confirms that essentially there is a strong relationship between delegation and leadership development in microfinance institutions in Kenya. It is, therefore, the view of the researcher that the delegation as a leadership development practice should be aligned with the expectations as well as needs if microfinance institutions in Kenya, since the study has established that those who were satisfied with the career development opportunities at the institution influenced the performance of the microfinance.

Table 4.26: Results of Multiple regression analysis

Model summary				
Model	R	R^2	Adj. R^2	Std. Error
1	0.676[a]	0.457	0.450	0.418

ANOVA

Model	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.795	4	11.449	65.674	<0.001[b]
		54.390	312	0.174		
	Residual	100.185	316			
	Total					

Coefficients

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	0.577	0.169		3.410	0.001
Coaching	0.084	0.052	0.097	1.610	<0.108
Participation	0.342	0.061	0.332	5.621	<0.001
Delegation	0.035	0.045	0.041	0.788	<0.431
Empowerment	0.197	0.048	0.237	4.105	<0.001

a. Dependent Variable: Firm performance, ***p<0.001

b. Predictors: (Constant), Coaching, Participation, Delegation and Empowerment

According to Table 4.26 the multiple regression model results shows a substantial correlation between four independent variable and the dependent variable, which is organizational performance (R=0.676). The R-Square value identifies the portion of the variance accounted for by the independent variable. Approximately 45.7% of the variance in the organizational performance is accounted for by coaching, participation, delegation and empowerment. The Adjusted R square is considered a better population estimate and is useful when comparing the R square value between models with different number of independent variables. The value of Adjusted R Square obtained is 0.450, illustrating that 45% changes of dependent variables, which is organizational performance, can be explained by the four independent variables of coaching, participation, delegation and empowerment.

The beta (B) value for coaching (B= 0.097, $p < 0.108$), participation (B=0.332, $p < 0.001$), delegation (B=0.041, $p < 0.431$) and empowerment (B=0.237, $p < 0.001$). The findings indicate that participation and empowerment were statistically significant at 5% confidence level. Hence, by keeping other factors constant, if there is 1 unit change in the value of participation and empowerment, then employees' performance will be increased by 33.2 units and 23.7 units respectively. The resultant model for multiple regression analysis was;

$$Y= 0.577 + 0.097X_1 + 0.332X_2 + 0.041X_3 + 0.237X_4$$

Where Y = performance of the microfinance, X_1= coaching, X_2 = empowerment, X_3 =participation and X_4 =delegation.

Since the p-values of coaching, participation, delegation and delegation was $p<0.05$, the null hypothesis for all these variables were rejected and it was concluded that there was a statistically significant influence of leadership development practices on performance of microfinance.

4.6 Perceived relationship between independent variables and dependent variable

Table 4.27: Perceived relationship between independent and dependent variables

Variables	N	Min	Max	Mean	Std. Dev
Coaching					
Coaching enables me to act and work flexibly to increase performance	382	1	5	4.16	0.734
Coaching has facilitated me to become a better team performer	382	1	5	4.04	0.788
Evaluation after coaching is fairly done and leads to my Improved performance	382	1	5	3.88	0.977
Coaching skills gained have been adequate to improved performance	387	1	5	4.09	0.790
Participation					
Leadership by example by the management has greatly helped me improve my performance	385	1	5	3.95	0.870
My manager/supervisor is a strong champion of leadership and performance	386	1	5	4.00	0.890
My involvement in the decision making process has positively led to improved performance	387	1	5	3.93	0.900
Delegation					
My good performance has greatly been enhanced by frequent delegations	382	1	5	3.78	0.976
The management consistently emphasizes delegation to promote excellent and quality results	385	1	5	3.82	0.997
The extent of delegation has nothing to do with my performance	378	1	5	2.56	1.146
Through delegation I am able to raise issues and challenges I face in my performance	384	1	5	3.80	0.908
Delegation is never done to me with performance in mind	385	1	5	2.69	1.145
Empowerment					
Recognition, encouragement and reward has contributed to my good performance	385	1	5	3.73	1.064
The top management meets and co-operates with us (staff) to improve quality performance	386	1	5	3.83	0.963
My supervisor protects me on the job by ensuring that I have a safe working environment for better performance	385	1	5	3.84	1.045
Average scores	**384**	**1**	**5**	**3.74**	**0.946**

From the Table 4.27 it is evident that most of the respondents agreed that coaching has influence on performance of microfinance institutions with a mean of approximately 4 (agree). It was observed that the statement ‘Coaching enables me to act and work flexibly to increase performance’ had the highest mean of 4.16 while the statement ‘Evaluation after coaching is fairly done and leads to my Improved performance’ had the lowest mean of 3.88. Generally, the perceived influence of coaching on performance is that it has a significant influence on performance of microfinance institutions. Concerning perceived influence of participation on performance, it is clear that most of the respondents agreed with most of the aspects of participation with a mean of approximately 4 (agree). The participation statement which had the highest mean (4.00) was ‘My manager/supervisor is a strong champion of leadership and performance’. This shows participation has a significant influence on performance.

Moreover, on the perceived influence of delegation on performance of microfinance institutions, majority of the respondents agreed to the positive statements concerning delegation and performance with a mean of approximately 4. The statement ‘The management consistently emphasizes delegation to promote excellent and quality results’ had the highest mean of 3.82. The respondents also disagreed with negative statements related to delegation and performance with a mean of 2.63. This indicates that delegation has a significant influence on performance of microfinance institutions. In conclusion, concerning the perceived influence of empowerment on performance of microfinance institutions, it is clear that most of respondents agreed to the statements with the highest mean being 3.84 and lowest 3.73. Hence empowerment has significant influence on performance of microfinance institutions.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the major findings of this study and also sets to draw conclusions and make recommendations for practice and areas for further research based on the results of this study.

5.2 Summary of Research Findings

5.2.1 Influence of coaching practice on the performance of microfinance institutions

The study established that coaching as a leadership development practice was being conducted by majority of the microfinance institutions. Based on the findings of this study, coaching given to them had been broad enough to include all skills and competencies and their supervisors facilitated them on long term goal setting. The findings revealed that firm performance of microfinance institutions in Kenya, was statistically and significantly influenced by coaching. Coaching is fundamentally about identifying the problem area where an employee is lacking, or solving the problem of an employee and to encourage and solve problems themselves. It is concerned with helping someone else to improve performance. Further coaching addresses the beliefs and behaviours that hinder performance, hence it is all about helping someone else to improve performance. Based on the findings of this study, coaching significantly influenced firm performance of microfinance institutions in Kenya. The regression model showed coaching explained 24.3% of the variation in performance. This result indicate that for every unit increase in coaching, there was a corresponding increase in firm performance by 0.493. Multiple regression analysis confirmed that there was a strong relationship between coaching as a leadership development practice on the performance of microfinance institutions in Kenya. Hence it is imperative to include coaching as a leadership development practice in microfinances which should be aligned with the expectations as well as needs of institutions. This will help to achieve the ultimate aim of the financial institutions.

5.2.2 Influence of empowerment practice on the performance of microfinance institutions

One of the basic practice of leadership development is employee empowerment which entails giving frontline employees the authority to make decisions once reserved only for managers. Organizational success which is achieved as members of the organization accomplish collective organizational goals and objectives, and as organizational members share a mutually beneficial and satisfying work experience meeting both social and personal growth needs.

Based on the findings of this study, majority of the respondents agreed that they had resources that they needed to do their tasks effectively, they were satisfied with the career development opportunities at their institution, their supervisor provided them with adequate supervision to improve their way of working and their employer provided them with ample opportunity for them to upgrade their skills. The results indicated that leadership empowerment positively and significantly influenced firm performance of microfinance institutions in Kenya. The regression model of empowerment on performance of microfinance institutions was found to be significant with empowerment explaining 27.5% of the variation in performance. Hence for every unit increase in leadership empowerment, there was a corresponding increase in firm performance by 0.432. Multiple regression analysis confirmed that empowerment had a significant and positive relationship with performance of microfinance institutions in Kenya. The empirical findings of this study indicate that empowerment statistically and significantly influenced firm performance of microfinance institutions in Kenya hence increase in leadership empowerment leads to increase in firm performance.

5.2.3 Influence of participation practice on the performance of microfinance institutions

The focus of participation as a leadership development practice is to allow the respondent to solve problems independently and if they were involved in decision making that affected their job. For a perfect management team, it should be characterized by: full and broad, Inclusive and Bottom-up. It was in this line that the researcher wanted to check whether the management of microfinance do follow any of those. The findings established that majority of the respondents agreed that they were allowed by the management to solve problems independently, the management involved them in decision making that affected their work, they were satisfied with the feedback that they received from and given to their supervisors and the staff within their work department participated well to get the best work performance.

Based on the findings of this study, participation statistically and significantly influenced firm performance of microfinance institutions in Kenya. The regression model showed participation explained 32.4% of the variation in performance. This finding indicate for every unit increase in participation, there was a corresponding increase in firm performance by 0.569. Multiple regression analysis confirmed that participation had a statistically and significantly relationship with performance of microfinance institutions in Kenya. The empirical findings of this study indicated that participation had a statistically and significantly influence on firm performance of microfinance institutions in Kenya. Hence, when microfinance institution in Kenya considered leadership participation firm performance would increase.

5.2.4 Influence of delegation practice on the performance of microfinance institutions

The focus on delegation involves assignment of new responsibilities to employees and additional authority to carry them. Organizations adopting delegation leads to increased human capability and sustainable competitive advantage. Results of the study indicates that majority of the respondents agreed that delegation was used in the institution frequently, the management encouraged them to initiate tasks on their own, the institutions were giving them challenging tasks so as to improve their skills and competences, that immediate supervisor followed up on the delegated tasks that they undertook and they received reward or recognition on all successful delegated tasks undertaken.

Results of regression analysis indicated that delegation statistically and significantly influenced firm performance of microfinance institutions in Kenya. The regression model of showed delegation explained 17% of the variation in performance. This finding indicate that for every unit increase in delegation, there was a corresponding increase in firm performance by 0.413 unit. Multiple regression analysis confirmed that delegation had a significant and positive relationship with performance of microfinance institutions in Kenya. The empirical findings of this study indicated that delegation statistically and significantly influenced firm performance of microfinance institutions in Kenya. When a microfinance institution in Kenya considered delegation as a leadership development practice the firm performance would increase.

5.3 Conclusions

Based on the results of this study, the adoption of coaching on its own as a leadership development practice had a significant influence on performance of microfinance institutions in Kenya. However, multiple regression results indicated coaching had no statistical influence on firm performance. Therefore, use of coaching as a leadership development practice influences organizational performance when adopted as the main leadership development practice.

The results indicated that leadership empowerment significantly influenced firm performance of microfinance institutions when it was regressed individually. The multiple regression analysis of empowerment on performance of microfinance institutions was also found to be statistically significant at 5% confidence level. Therefore, use of empowerment would improve the career development opportunities and would provide employees with adequate supervision to improve their way of working with their employer. Based on the findings of this study, it can, therefore, be concluded that majority of the microfinance institutions in Kenya sampled in this study lay more emphasis on leadership empowerment which has a positive influence on performance of the firm.

The relationship between participation and performance of the firm was found to be statistically significant at 5% confidence level. The results indicate that majority of the microfinances had adopted participation as a leadership development practice. This included allowing employees to solve problems independently, involving employees in decision making that affected their work and giving feedback. Based on the findings of this study, it can, therefore, be concluded that participation significantly influenced firm performance of microfinance institutions in Kenya. Hence, when microfinance institution in Kenya considered leadership participation firm performance would increase.

The adoption of delegation as a leadership development practice had a significant influence on the performance of microfinance institutions when it was regressed alone. However, rresults of multiple regression analysis indicated that delegation no statistical influence on firm performance of microfinance institutions. The results indicate adoption of delegation as the main leadership development practice had a significant influence on organizational performance since it helps in improvement of skills and competences of employees which leads to increased performance.

5.4 Recommendations

The utilization of leadership development practices as a development tool for business and industry has a history that exceeds half a century, yet evidence-based models for its use have been slow to develop. From the multiple regression analysis of the four independent variables (coaching, empowerment, participation and delegation), the results indicated that empowerment and participation positively and significantly influenced performance of microfinance institutions. Therefore, there is need for organizations to embrace the adoption of participation as a leadership development practice. Hence, the board of management of the microfinances should make sure they have participated in problem solving, decision making, feedback communication, decision making, giving workers institution goals through the manager and department of information and this should be based on teamwork among all the levels of the organization. Finally, there is need to empower workers 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 Areas for further Research

Since the study has concluded that influence of leadership development practices on the performance of microfinance institutions in Kenya can be explained by the on-going activities of Coaching, participation, empowerment and delegation and that this relationship is not weak, the researcher would like to recommend the following areas for further study in line with the major findings of the study:

How perceptions of coaching affects achievement of performance in the microfinance institutions, evaluate other techniques used by the Chief Executives in leadership for the performance of organizations and to determine the role of delegation and the performance of microfinance institutions in Kenya.

Finally, empirical research is needed to develop analysis of tools for accurately measuring the efficacy of coaching. These tools must be designed to measure both the coaching skills and client outcomes.

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APPENDICES

Appendix i: Letter of Introduction

Dear.........................

I am a student of Jomo Kenyatta University of Agriculture and Technology pursuing a PhD in Human Resource Management. I am interested in finding “Influence of leadership development on the performance of microfinance institutions in Kenya”. The following questionnaire is designed to gather information on the same. You have been chosen to participate in this PhD study as an executive officer of your microfinance. The research tool will not identify you by name and results will be used for research purposes only. Please answer all the questions. Your participation is voluntary and there are no known significant risks of participating in the study. Kindly assist by taking 10 minutes off your busy schedule to complete the questionnaire with the bearer. The information you provide will be regarded in confidence and used for purposes of this academic study. For any clarification use the following contact: Mobile no: 0721591489 or email: njuenixon@gmail.com

Your assistance is highly appreciated.

Regards

Nixon K. Njue,

PHd Candidate,

JKUAT.

Appendix ii: Questionnaire

Please answer all questions by writing a tick (√) in the box that closely matches your view or alternatively; please write in the space provided.

PART A

1. **Personal bio-data**

   (a) Your rank or position in the Institution..

   (b) Number of years you have worked for the Institution…………………………

   (c) What is your gender? Male ▢ Female ▢

   (d) What age bracket do you belong to? 21-25 ▢ 26-30 ▢ 31-35 ▢ 36-40 ▢ above 40 ▢

   (e) What is your highest academic qualification? Form four ▢ college ▢ undergraduate ▢ postgraduate. ▢

2. Institutional Details.

   (a) Name of your financial institution…………………………………………..

   (b) Is it rural or urban located? Rural ▢ Urban ▢

   (c) The number of years your institution has been operating in Kenya……………………….

   (d) Tick (√) the type of your Microfinance Institution

   Deposit-taking microfinance ▢ Rotating savings and credit ▢

   Community bank ▢

   Sacco ▢ Bank ▢

   Other (identify)………………………………………………..

   (e) Indicate the number of branches………………………………………………

   (f) Indicate the number of products your institution offers……………………..

   (g) Name them……………………………………………

COACHING

3. To what extent do you agree with each of the following statements regarding coaching?

Tick **(**√**)** using the following ranking:

i Coaching given to me has been broad enough to include all skills and competencies. ▭ ▭ ▭ ▭ ▭

ii My supervisor facilitates me on long term goal setting. ▭ ▭ ▭ ▭ ▭

iii My supervisor allows me to see how he / she organizes his / her work to gain insight. ▭ ▭ ▭ ▭ ▭

iv My supervisor's work plan is viable to all of us. ▭ ▭ ▭ ▭ ▭

v The supervisor shows me how I can improve the way of working. ▭ ▭ ▭ ▭ ▭

vi Coaching is not a fulfilment factor in the performance of my duties. ▭ ▭ ▭ ▭ ▭

vii My supervisor does not set positive examples for us to follow. ▭ ▭ ▭ ▭ ▭

PARTICIPATION

4. To what extent do you agree with each of the following statements regarding coaching?

Tick **(**√**)** using the following ranking:

i The management allows me to solve problems independently. ▭ ▭ ▭ ▭ ▭

ii The management involves me in decisions that affect my work. ▭ ▭ ▭ ▭ ▭

iii I am satisfied with the feedback that I receive from and give to my supervisors. ▭ ▭ ▭ ▭ ▭

iv Staff within my work department participate well to get the best work performance. ▭ ▭ ▭ ▭ ▭

v Top management rarely ensure that decisions are made through a participatory manner. ▭ ▭ ▭ ▭ ▭

vi My job requires me to keep learning new participatory ▭ ▭ ▭ ▭ ▭

competencies.

vii I can tell what impact my work makes in the institution goals.

viii I have a say in the decision making procedure of the organization.

DELEGATION

5 (a) i. Are official tasks delegated to you? Yes No

ii. Workload schedule is often considered before delegation Yes No

iii. Feedback to the management is treated positively. Yes No

iv. Delegation of workload and task is given to some and not all staff. Yes No

5. (b) To what extent do you agree with each of the following statements regarding coaching?

Tick **(√)** using the following ranking:

i Delegation is used in our institution frequently.

ii The management encourages me to initiate tasks on my own.

iii I am given challenging tasks to improve my skills and competences.

iv My immediate supervisor follow-up on the delegated tasks that i undertake.

v I receive a reward / recognition on all successful delegated tasks.

vi I occasionally select my most comfortable delegable tasks.

vii More than 50% of my daily tasks are delegated

viii I delegate 50% of my daily tasks to others

ix Those who successfully complete delegated tasks are highly recognized

EMPOWERMENT

6. To what extent do you agree with each of the following statements regarding coaching?

Tick (√) using the following ranking:

i	I have the resources that I need to do my job effectively.	▭ ▭ ▭ ▭ ▭
ii	I am satisfied with the career development opportunities at my institution.	▭ ▭ ▭ ▭ ▭
iii	My supervisor provides adequate supervision to improve my way of working.	▭ ▭ ▭ ▭ ▭
iv	My employer provides me with ample opportunity for me to upgrade my skills.	▭ ▭ ▭ ▭ ▭
v	At times I am not treated fairly by my supervisor.	▭ ▭ ▭ ▭ ▭
vi	The rules and reputations concerning my job are appropriate and flexible.	▭ ▭ ▭ ▭ ▭
vii	Within the organization, I have good opportunities for career development and promotion.	▭ ▭ ▭ ▭ ▭
viii	The senior management team keeps me informed about the institutions future direction.	▭ ▭ ▭ ▭ ▭
ix	Training is granted to me after every performance appraisal	▭ ▭ ▭ ▭ ▭
x	I am assured of a safe and healthy work environment	▭ ▭ ▭ ▭ ▭

PERFORMANCE

7. Please indicate to what extent you agree with the following statements regarding performance.

Kindly tick (√) which describes your response.

Opinion Statement

i. Membership has contributed to the achievement of the institutions improved performance. ▢ ▢ ▢ ▢ ▢

ii. Having a good capital base has contributed to enhanced Performance. ▢ ▢ ▢ ▢ ▢

iii. The good capital base has enabled institutions to develop capacity to address future performance challenges. ▢ ▢ ▢ ▢ ▢

iv. Return on Investment enables the institutions performance to remain relevant. ▢ ▢ ▢ ▢ ▢

8. How satisfying has been your institution's overall performance in the following years?

Year

i. 2013 ▢ ▢ ▢ ▢ ▢
ii. 2014 ▢ ▢ ▢ ▢ ▢
iii. 2015 ▢ ▢ ▢ ▢ ▢

9. At what percentage is the rate of performance in your financial Institution?

Less than 10% ▢ 11-30% ▢ 31-50% ▢ 51% - 70% ▢ Greater than 71% ▢

10. To what extent do the following factors affect accessibility of your members to credit facilities performance? (Tick √ appropriately)

Factor.	Very much	much	not quite much	not at all
Interest rate	▭	▭	▭	▭
Collateral security	▭	▭	▭	▭
Literacy level	▭	▭	▭	▭

11. To what extent are you satisfied with the following areas of your current performance (Tick √ appropriately)

	Very Satisfied	**Satisfied**	**Neutral**	**Very Unsatisfied**
(i) Performance planning	▭	▭	▭	▭
(ii) Performance evaluation	▭	▭	▭	▭
(iii) Performance feedback	▭	▭	▭	▭
(iv) Coaching / mentoring	▭	▭	▭	▭
(v) Training	▭	▭	▭	▭

(vi) Do you belief the current leadership development practices has improved your performance? Yes ▭ No ▭

(vii) My performance is very motivating to me. Yes ▭ No ▭

(viii) I find it difficult to discuss problems with my supervisor ▭ ▭ ▭ ▭ ▭

(ix) Assessments of my performances is consistent, fair and unbiased ▭ ▭ ▭ ▭ ▭

(x) At what percentage rate of performance is your micro-finance institution?

Equal to or less than 10% ▭ 11 – 30% ▭ 31 – 50% ▭ 50% - 70% ▭ 71 – 100% ▭

(xi) To what extent are you satisfied with your job performance?

No extent ▭ Small extent ▭ Moderate extent ▭ Large extent ▭ Very large extent ▭

LEADERSHIP DEVELOPMENT PRACTICES AND PERFORMANCE

12. To what extent do you agree with each of the following

13. statements regarding coaching?

Tick **(√)** using the following ranking:

(i) Coaching enables me to act and work flexibly to ▭ ▭ ▭ ▭ ▭

increase performance.

(ii) Coaching has facilitated me to become a better team performer. ▭ ▭ ▭ ▭ ▭

(iii) Evaluation after coaching is fairly done and leads to my Improved performance. ▭ ▭ ▭ ▭ ▭

(iv) Coaching skills gained have been adequate to my improved performance. ▭ ▭ ▭ ▭ ▭

(v) Leadership by example by the management has greatly helped me improve my performance. ▭ ▭ ▭ ▭ ▭

v. My manager / supervisor is a strong champion of leadership and performance. ▭ ▭ ▭ ▭ ▭

(vii) My involvement in the decision making process has positively led to improved performance ▭ ▭ ▭ ▭ ▭

(viii) My good performance has greatly been enhanced by frequent delegations. ▭ ▭ ▭ ▭ ▭

(ix)The management consistently emphasizes delegation to promote excellent and quality results ▭ ▭ ▭ ▭ ▭

(x) The extent of delegation has nothing to do with my performance ▭ ▭ ▭ ▭ ▭

(xi) Through delegation I am able to raise issues and challenges I face in my performance ▭ ▭ ▭ ▭ ▭

(xii) Delegation is never done to me with performance in mind ▭ ▭ ▭ ▭ ▭

(xiii) Recognition, encouragement and reward has contributed to my good performance ▭ ▭ ▭ ▭ ▭

(xiv) The top management meets and co-operates with us (staff) to improve quality performance ▭ ▭ ▭ ▭ ▭

(xv) My supervisor protects me on the job by ensuring that I have a safe working environment for better performance ▭ ▭ ▭ ▭ ▭

GENERAL RESPONSES

13. In your opinion what do you consider to be the main areas that require coaching that would be beneficial to the entire institution……………………..…………………………………………………
………………………………………………………………………………………

14. In your opinion how has participation influenced your performance in the institution?
………………………………………………………………………………………
………………………………………………………………………………………

15. How are your attitudes toward delegation affecting your performance?...........................…………………………………………………
……………………………………...

16. What changes can you suggest that would improve your performance though delegation?
………………………………………………………………………………………
……..

Suggest other ways of enhancing empowerment in your institution.
………………………………………………………………………………………
………………………………………………………………………………………

17. List the challenges faced by your institution in identifying the staff training needs?
………………………………………………………………………………………
…………..……………………………………………………………………

18. In your own opinion identify the empowerment challenges that you face in your performance in the institution………………………..……………..…………………….……………
…………………………………………………………………………

19. What are the techniques used by the management to assess performance?...
...............……………………………………………………………………

20. Suggest ways of enhancing your performance in the institution………………………………………..……………..…………
……………………………………………………..………………………

21. Give any other useful leadership development practice that is provided to improve your performance
………………………………………………………………………………
………………………………………………………………………………

THANK YOU FOR PARTICIPATING

Appendix iii: List of Microfinance Institutions in Kenya

1. Real People
2. Cosmopolitan Sacco
3. Credit Bank
4. Premier credit Limited (NGAO)
5. Smep microfinance bank limited.
6. Rafiki
7. Wakenya Pamoja Sacco
8. K-Rep Bank
9. Kenya women microfinance bank limited. (KWFT)
10. ECLOF- Kenya
11. Speed Capital
12. Emaral Credit Ltd
13. Faulu microfinance bank limited.
14. Jamii Bora
15. Platinum Credit Ltd
16. Opportunity Kenya
17. Uni-county Sacco
18. Smart saving & Credit Co-operative
19. Equity
20. CFC
21. National Bank
22. LAPO
23. UWEZO Loans Kenya
24. Smart Savings & Credit Cooperative
25. Progressive Credit
26. Urithi Premeir Sacco
27. Vision Kenya Ltd
28. Tower Sacco Limited
29. Unaitas
30. Union Sacco

31. Home Business Sacco
32. Rehema Microfinance Investment
33. Barners Savings & Credit Sacco
34. Get Backs Credit Limited
35. NGAO Credit Ltd
36. Vision Fund
37. Goodlife Sacco
38. Remu microfinance bank limited.
39. Rafiki microfinance bank limited.
40. Uwezo microfinance bank limited.
41. Century microfinance bank limited.
42. Sumac microfinance bank limited.
43. Uandi microfinance bank limited.
44. Ace Capital & Credit Limited.
45. Daraja microfinance bank limited.
46. Jitegemea credit microfinance (PCEA).
47. Choice microfinance bank limited (CATHOLIC).
48. ACK Diocese of Kirinyaga Microfinance
49. Letshego Kenya Limited.
50. MakaoMashinani.
51. Milango Kenya.
52. Musoni.
53. Opportunity Kenya.
54. PANDEP.
55. Platinum credit.
56. RAFODE.
57. Riverbank.
58. Rupia.
59. Samchi credit limited.
60. SEED.
61. SISDO.
62. Springboard capital.

63. Taifa.
64. UBK.
65. Ufanisi-AFR.
66. WEEC.
67. Yehu.
68. YIKE.
69. Greenland Fedha.
70. AdokTimo
71. BFDP.
72. DRC Microfinance
73. AAR Credit services
74. Caritas Mfi bank of the catholic church.
75. ACK Diocese of Thika Talent SACCO.
76. Vision fund international.

Appendix iv: Regression Results of Coaching

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.493[a]	0.243	0.241	0.48698

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	29.196	1	29.196	123.110	0.001[b]
Residual	91.066	384	0.237		
Total	120.262	385			

a. Dependent Variable: Satisfaction performance

b. Predictors: (Constant), Coaching

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.317	0.159		8.298	0.001
Coaching	0.429	0.039	0.493	11.096	0.001

Appendix v: Regression Results of Participation

R	R Square	Adjusted R Square	Std. Error of the Estimate
.569[a]	.324	.322	.46139

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	39.192	1	39.192	184.108	.000[b]
Residual	81.958	385	.213		
Total	121.150	386			

a. Dependent Variable: Satisfaction performance

b. Predictors: (Constant), Participation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.862	.164		5.268	.000
Participation	.584	.043	.569	13.569	.000

Appendix vi: Regression Results of Delegation

R	R Square	Adjusted R Square	Std. Error of the Estimate
.413[a]	.170	.168	.51029

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	20.640	1	20.640	79.265	.000[b]
Residual	100.513	386	.260		
Total	121.154	387			

a. Dependent Variable: Satisfaction performance

b. Predictors: (Constant), Delegation

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.807	.143		12.642	.000
Delegation	.351	.039	.413	8.903	.000

Appendix vii: Regression Results for Empowerment

R	R Square	Adjusted R Square	Std. Error of the Estimate
.524[a]	.275	.273	.47651

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	33.302	1	33.302	146.667	.000[b]
Residual	87.872	387	.227		
Total	121.174	388			

a. Dependent Variable: Satisfaction performance

b. Predictors: (Constant), Empowerment

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.460	.134		10.872	0.001
Empowerment	.432	.036	.524	12.111	0.001

Appendix viii: Multiple Regression Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.676[a]	.457	.450	.41752

MULTIPLE REGRESSION

Independent variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.042	.023		129.705	.000
Coaching	.298	.023	.530	12.708	.000
Participation	.210	.023	.372	8.924	.000
Delegation	.108	.023	.192	4.612	.000
Empowerment	-.013	.023	-.023	-.561	.575

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	45.795	4	11.449	65.674	.000[b]
Residual	54.390	312	.174		
Total	100.185	316			

Appendix ix: Correlation Analysis

Satisfaction performance			Coaching	Participation	Delegation	Empowerment
Satisfaction performance	Pearson Correlation	1	.493**	.569**	.413**	.524**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	389	386	387	388	389
Coaching	Pearson Correlation	.493**	1	.664**	.543**	.645**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	386	386	385	386	386
Participation	Pearson Correlation	.569**	.664**	1	.563**	.616**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	387	385	387	387	387
Delegation	Pearson Correlation	.413**	.543**	.563**	1	.562**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	388	386	387	388	388
Empowerment	Pearson Correlation	.524**	.645**	.616**	.562**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	389	386	387	388	389

***p<0.001

Appendices x: Tests of Normality

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Coaching	.133	385	.000	.945	385	.000
Participation	.074	385	.000	.979	385	.000
Delegation B	.083	385	.000	.979	385	.000
Empowerment	.107	385	.000	.946	385	.000
Satisfaction performance	.130	385	.000	.965	385	.000

a. Lilliefors Significance Correction

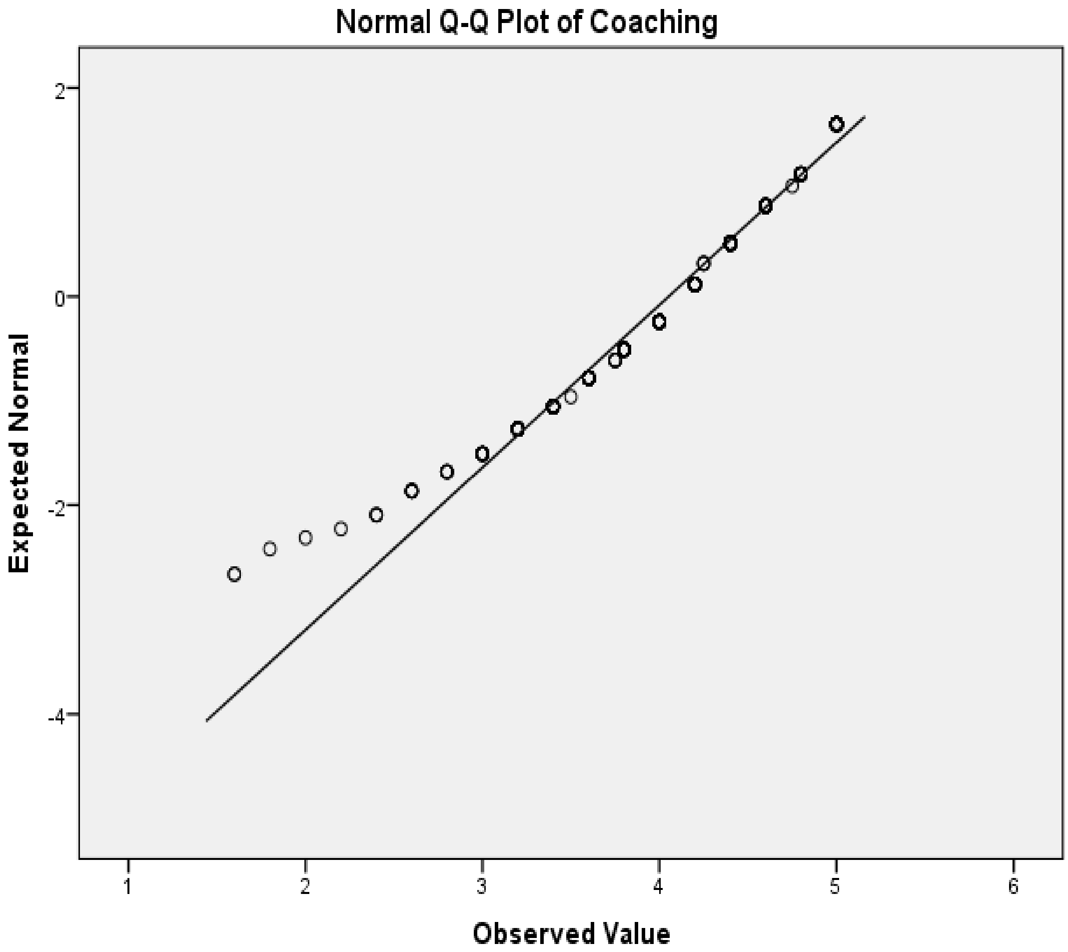
Coaching

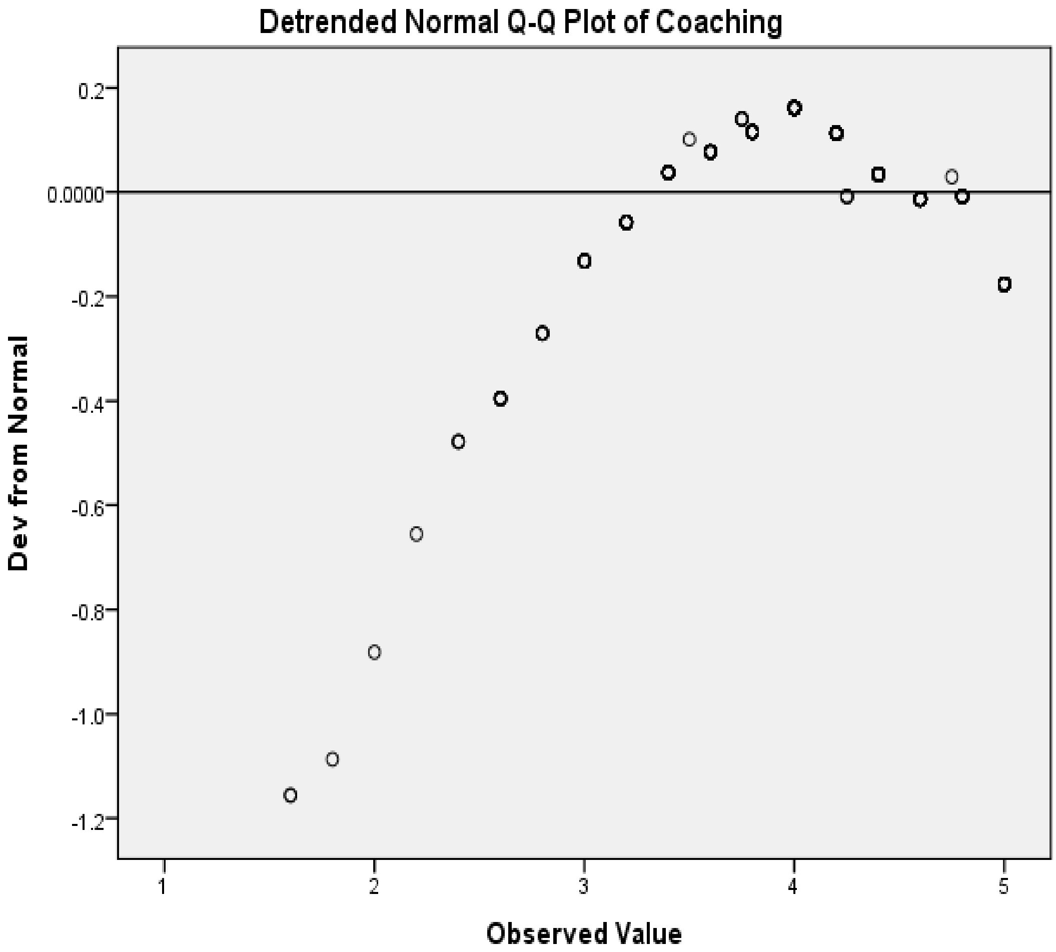
Coaching Stem-and-Leaf Plot

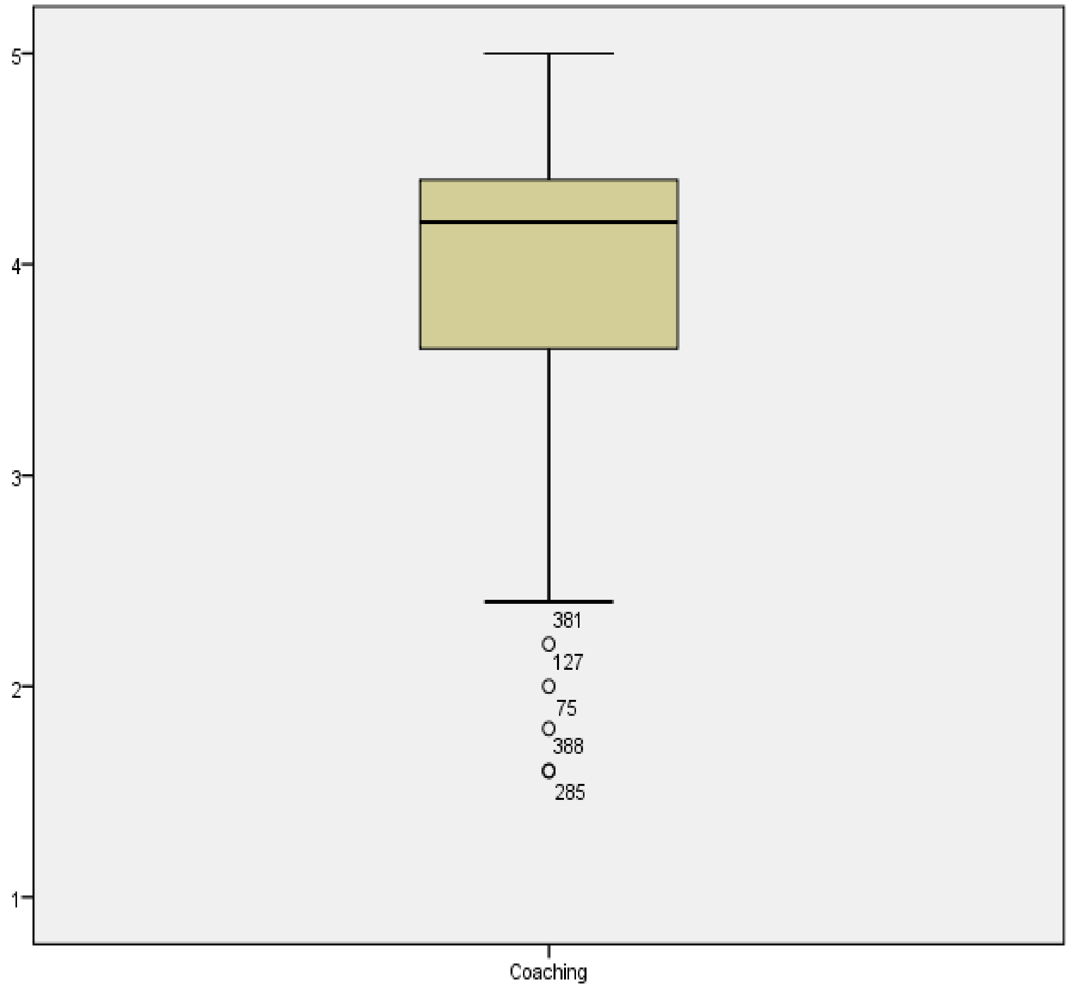
```
 Frequency    Stem &  Leaf

     5.00 Extremes    (=<2.2)
      .00        2 .
     3.00        2 .  444
     7.00        2 .  6666666
     5.00        2 .  88888
    10.00        3 .  0000000000
    18.00        3 .  222222222222222222
    17.00        3 .  44444444444444445
    41.00        3 .  66666666666666666666666666666666666667777
    23.00        3 .  88888888888888888888888
    53.00        4 .  00000000000000000000000000000000000000000000000000000
    60.00        4 .
222222222222222222222222222222222222222222222222222222222222
    51.00        4 .  444444444444444444444444444444444444444444444444444
    37.00        4 .  6666666666666666666666666666666666667
    18.00        4 .  888888888888888888
    37.00        5 .  0000000000000000000000000000000000000

 Stem width:      1.00
 Each leaf:       1 case(s)
```


Normal Q-Q Plot of Coaching
Expected Normal
Observed Value
2
0
-2
-4
1
2
3
4
5
6


Detrended Normal Q-Q Plot of Coaching
Dev from Normal
0.2
0.0000
-0.2
-0.4
-0.6
-0.8
-1.0
-1.2
1
2
3
4
5
Observed Value



Participation

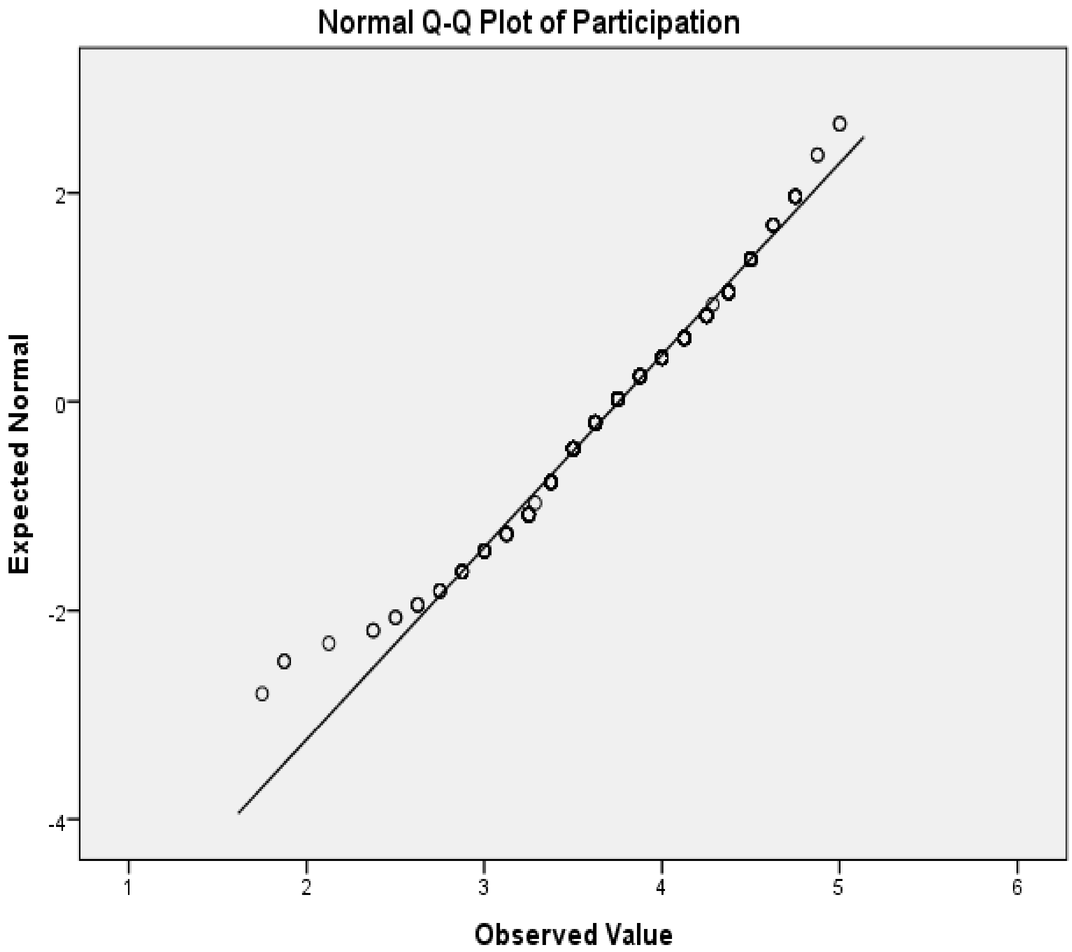
Participation Stem-and-Leaf Plot

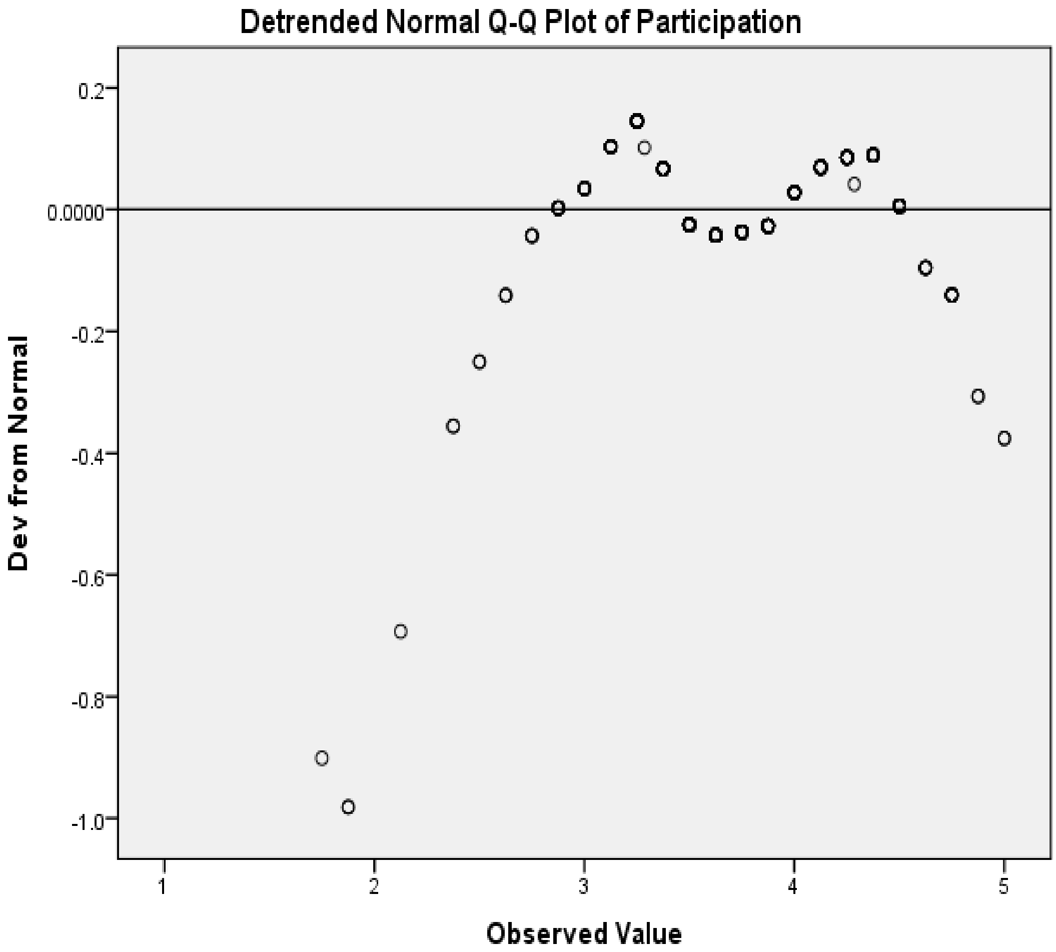
Frequency   Stem & Leaf

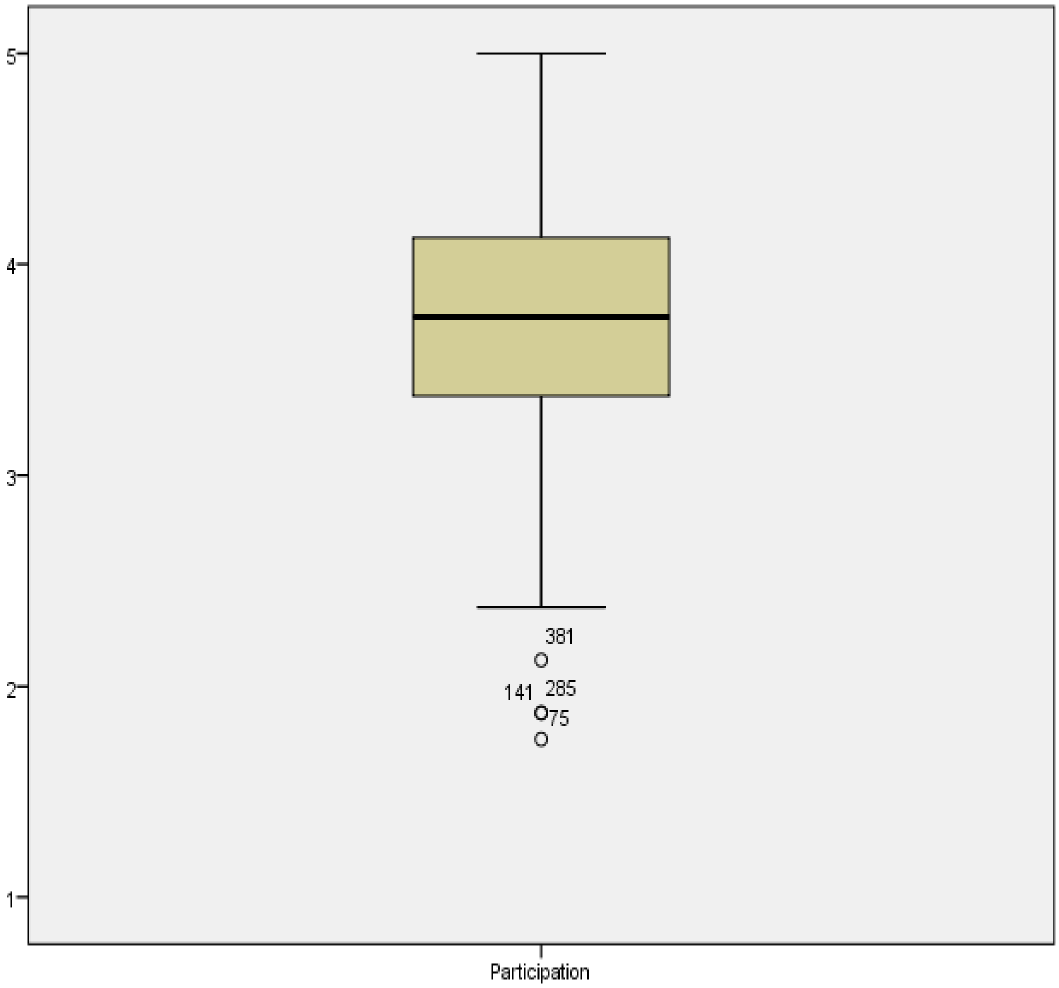
```
     4.00 Extremes (=<2.1)
     2.00        2.  33
     2.00        2.  55
     7.00        2.  6667777
     9.00        2.  888888888
    20.00        3.  00000000001111111111
    61.00        3 .
2222222222222222222223333333333333333333333333333333333333333
    41.00        3 .  55555555555555555555555555555555555555555
    69.00        3 .
66666666666666666666666666666667777777777777777777777777777777777777
7
    29.00        3 .  88888888888888888888888888888
    51.00        4 .  000000000000000000000111111111111111111111111111111
    44.00        4 .  22222222222222222222222223333333333333333333
```

26.00	4 .	55555555555555555555555555
16.00	4 .	6666667777777777
2.00	4 .	88
2.00	5 .	00

Stem width: 1.00
Each leaf: 1 case(s)




Detrended Normal Q-Q Plot of Participation
Dev from Normal
Observed Value
0.2
0.0000
-0.2
-0.4
-0.6
-0.8
-1.0
1
2
3
4
5



Delegation B

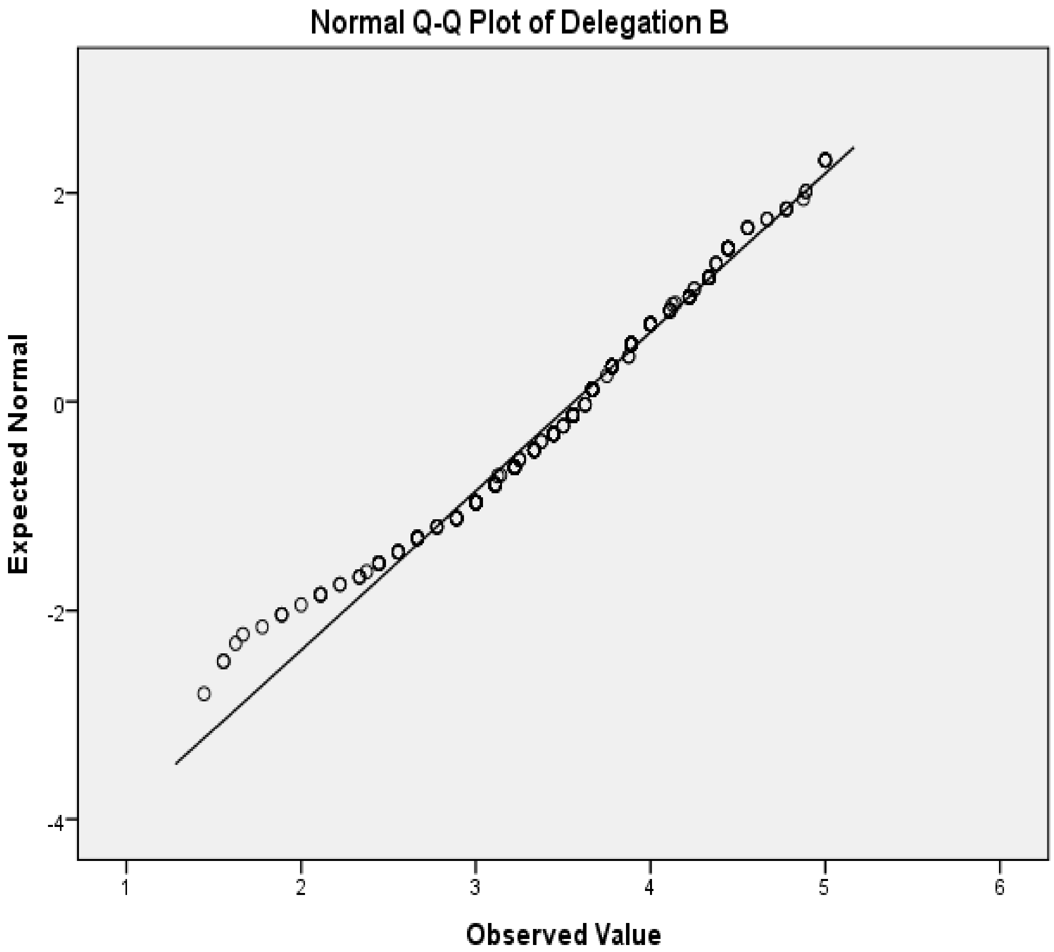
Delegation B Stem-and-Leaf Plot

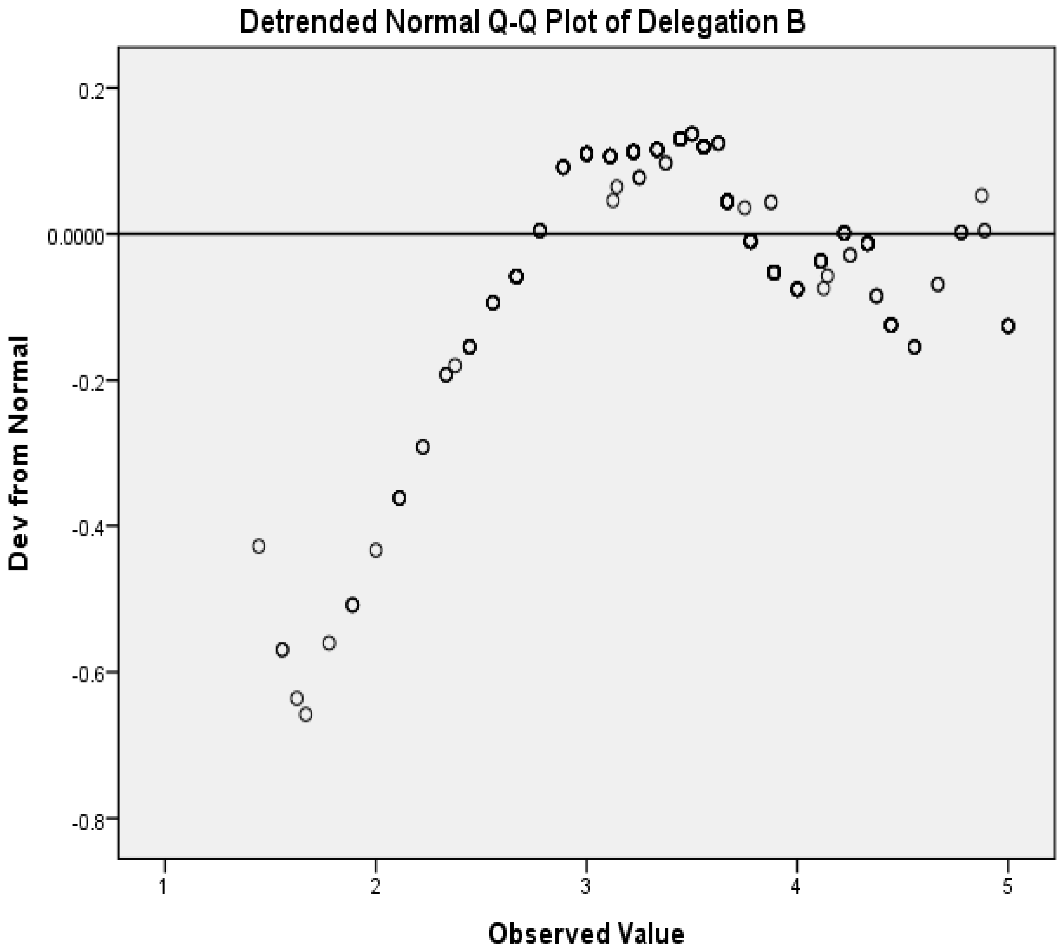
Frequency   Stem & Leaf

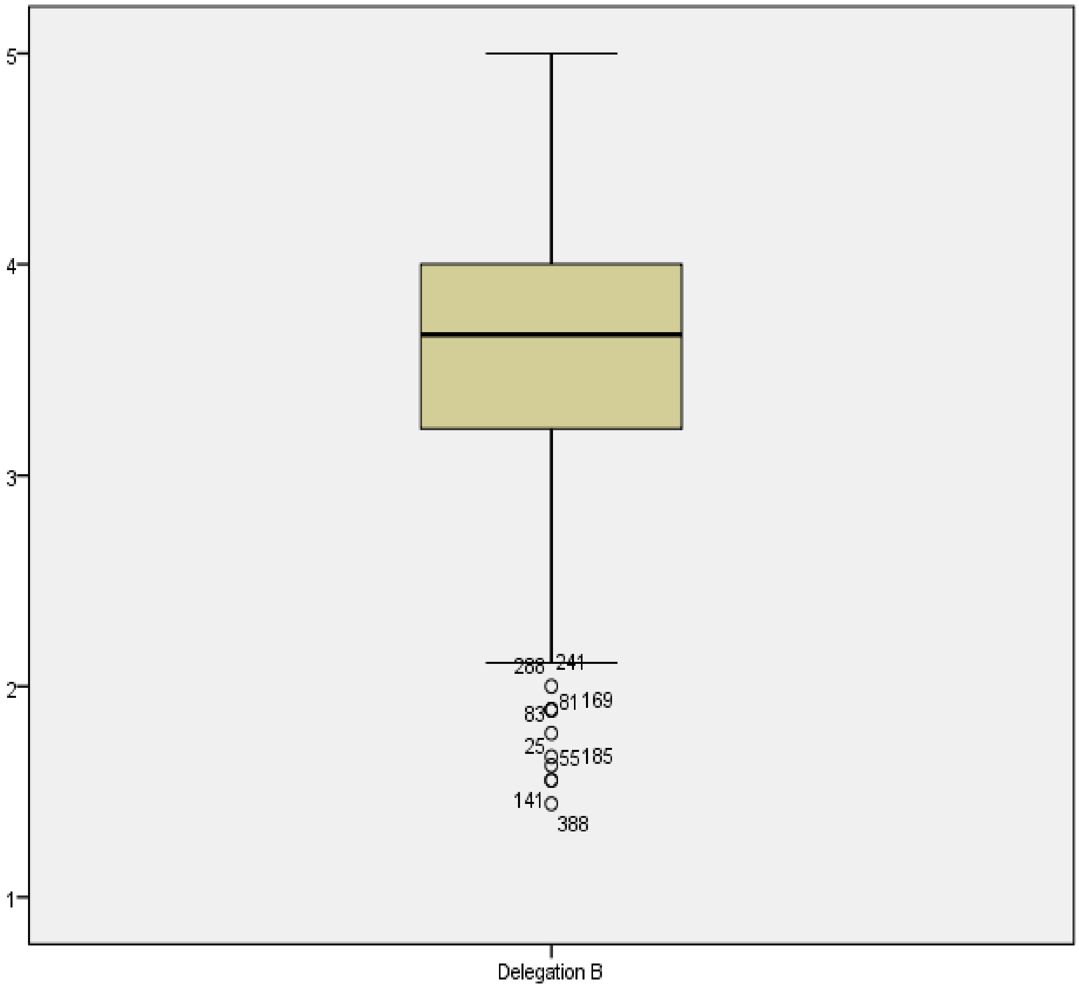
10.00 Extremes   (=<2.0)
4.00   2 . 1111
6.00   2 . 223333
11.00   2 . 44444455555
15.00   2 . 666666666667777
9.00   2 . 888888888
38.00   3 . 00000000000000000011111111111111111111
43.00   3 . 2222222222222222222233333333333333333333333
50.00   3 . 44444444444444444445555555555555555555555555555555
70.00   3 .
666666666666666666666666666666666666666666667777777777777777777777777
77
32.00   3 . 88888888888888888888888888888888
31.00   4 . 0000000000000000001111111111111
32.00   4 . 22222222222223333333333333333333

18.00	4 .	444444444444445555
6.00	4 .	667777
3.00	4 .	888
7.00	5 .	0000000

Stem width: 1.00
Each leaf: 1 case(s)




Detrended Normal Q-Q Plot of Delegation B
Dev from Normal
0.2
0.0000
-0.2
-0.4
-0.6
-0.8
1
2
3
4
5
Observed Value



Empowerment

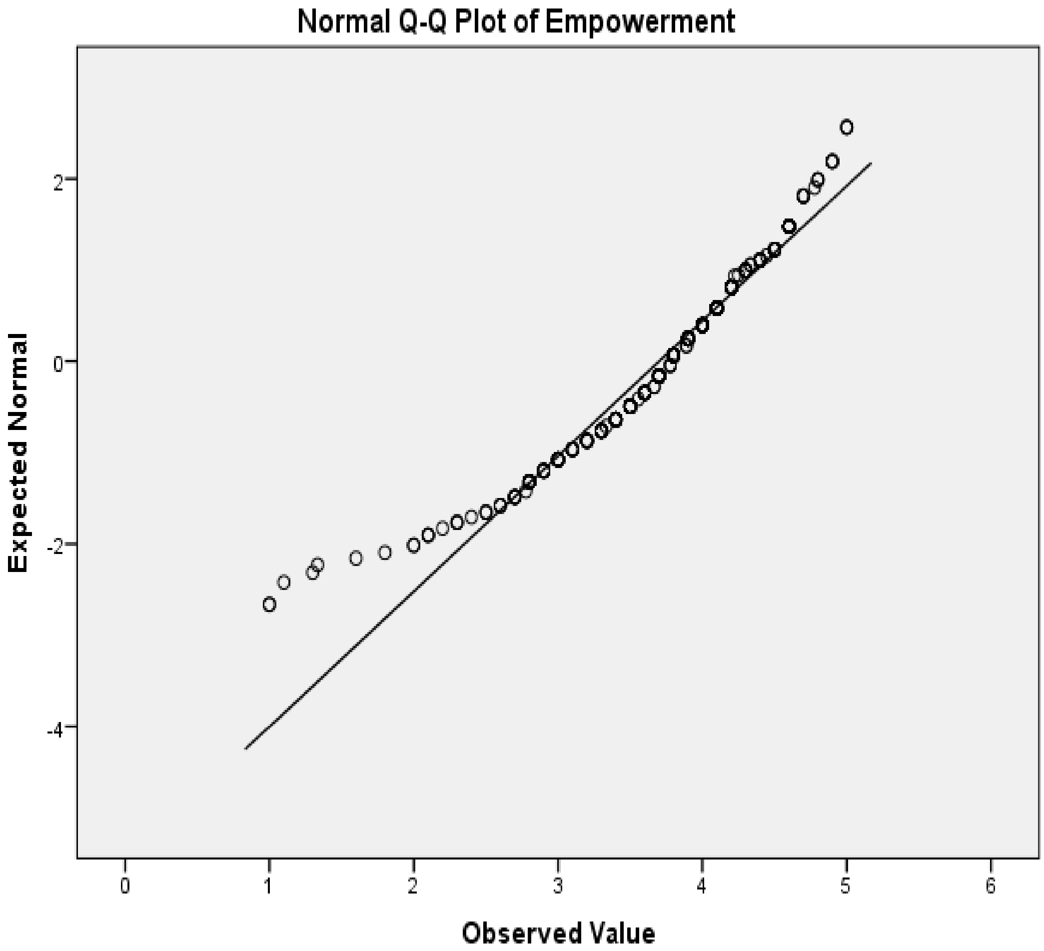
Empowerment Stem-and-Leaf Plot

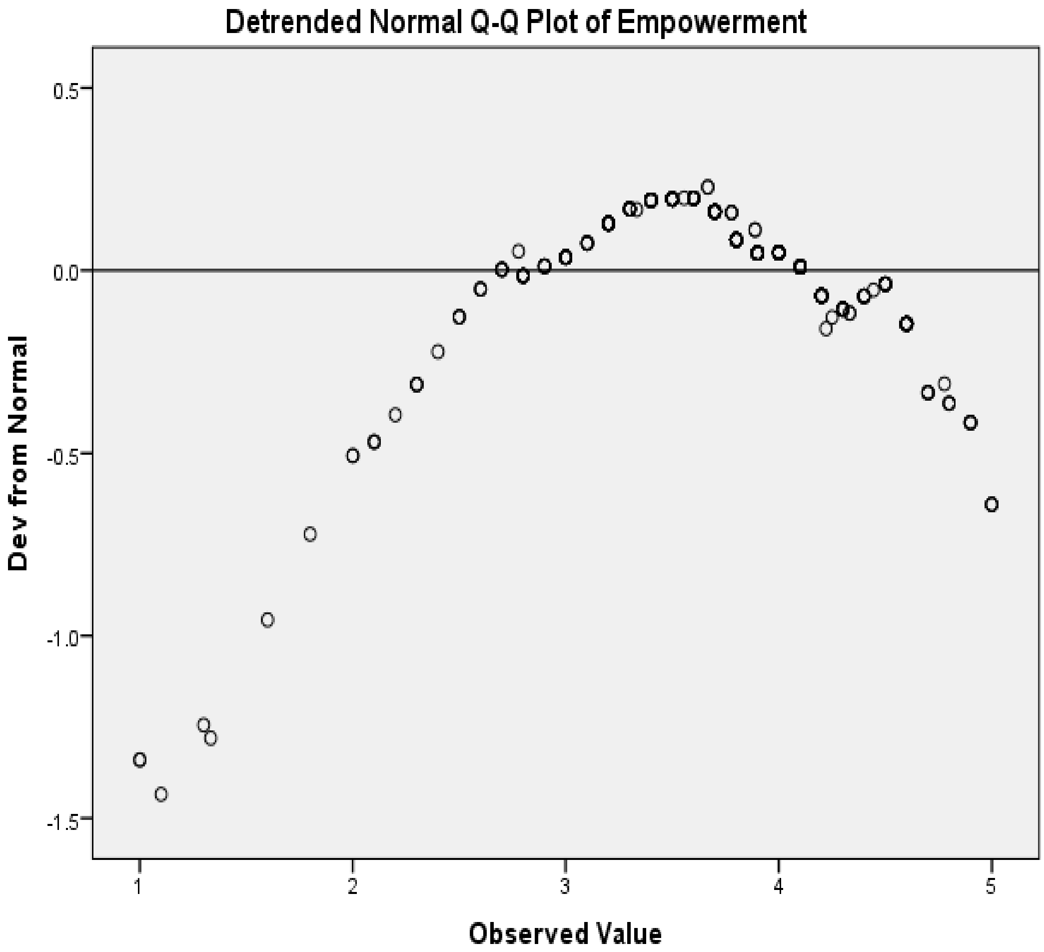
Frequency   Stem & Leaf

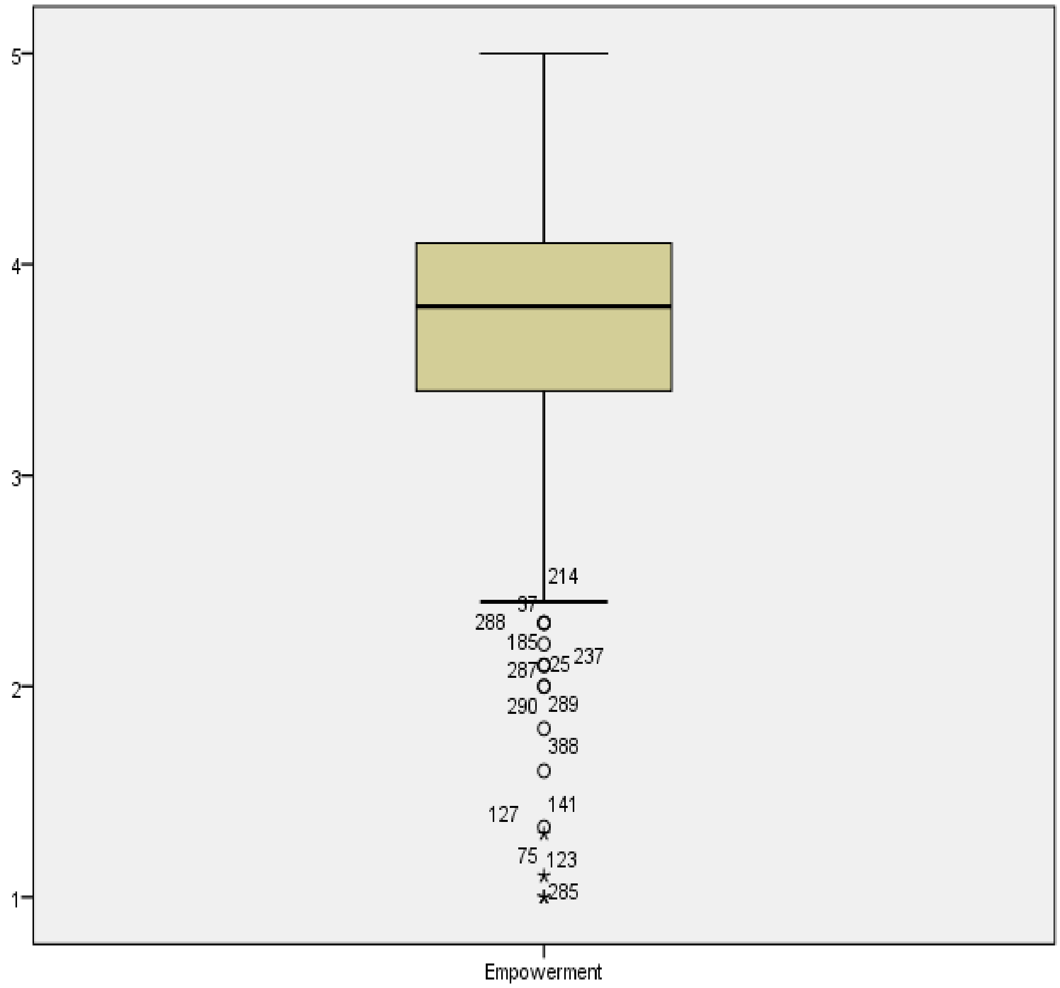
16.00 Extremes   (=<2.3)
.00   2 .
4.00   2 . 4555
10.00   2 . 6667777777
17.00   2 . 88888888888899999
20.00   3 . 00000000000000111111
25.00   3 . 2222222222222233333333333
39.00   3 . 444444444444444445555555555555555555555
56.00   3 .
66666666666666666666677777777777777777777777777777777777
54.00   3 . 888888888888888888888888888888888899999999999999999999
51.00   4 . 000000000000000000000111111111111111111111111111111
38.00   4 . 22222222222222222222222222233333333333
17.00   4 . 44444444555555555

28.00 4 . 6666666666666666666666677777
7.00 4 . 8889999
3.00 5 . 000

Stem width: 1.00
Each leaf: 1 case(s)




Detrended Normal Q-Q Plot of Empowerment
0.5
0.0
-0.5
-1.0
-1.5
Dev from Normal
1
2
3
4
5
Observed Value



Satisfaction performance

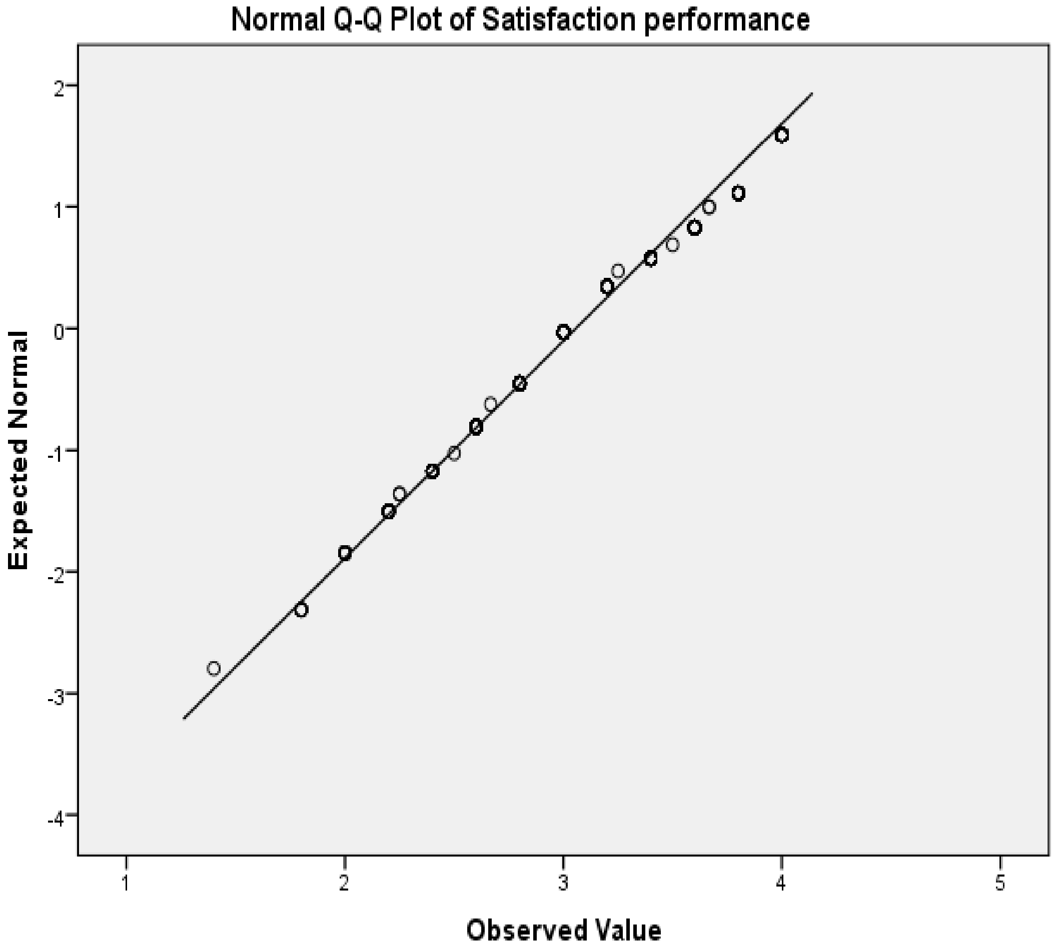
Satisfaction performance Stem-and-Leaf Plot

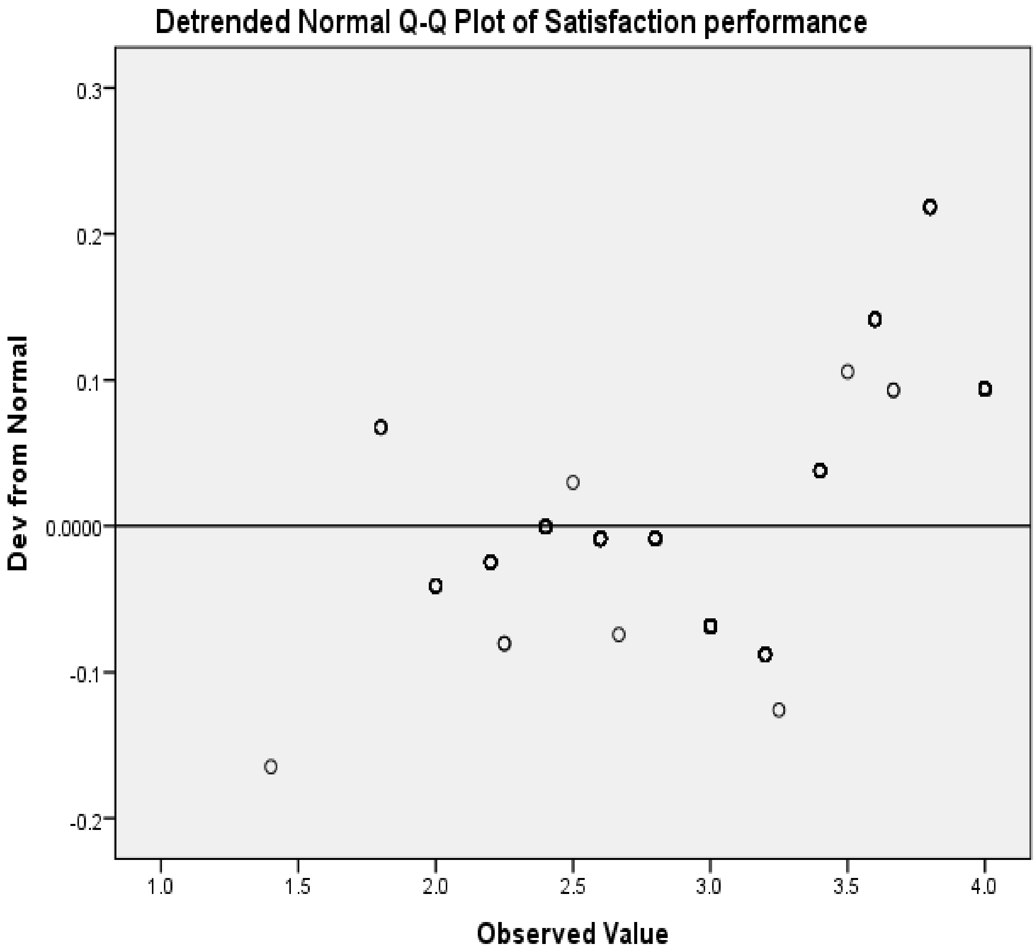
Frequency   Stem & Leaf

1.00 Extremes   (=<1.4)
.00   1 .
5.00   1 . 88888
12.00   2 . 000000000000
16.00   2 . 2222222222222222
25.00   2 . 4444444444444444444444445
44.00   2 . 66666666666666666666666666666666666666666666
45.00   2 . 888888888888888888888888888888888888888888888
79.00   3 .
0000000000000000000000000000000000000000000000000000000000000000000
00000000000
36.00   3 . 222222222222222222222222222222222222

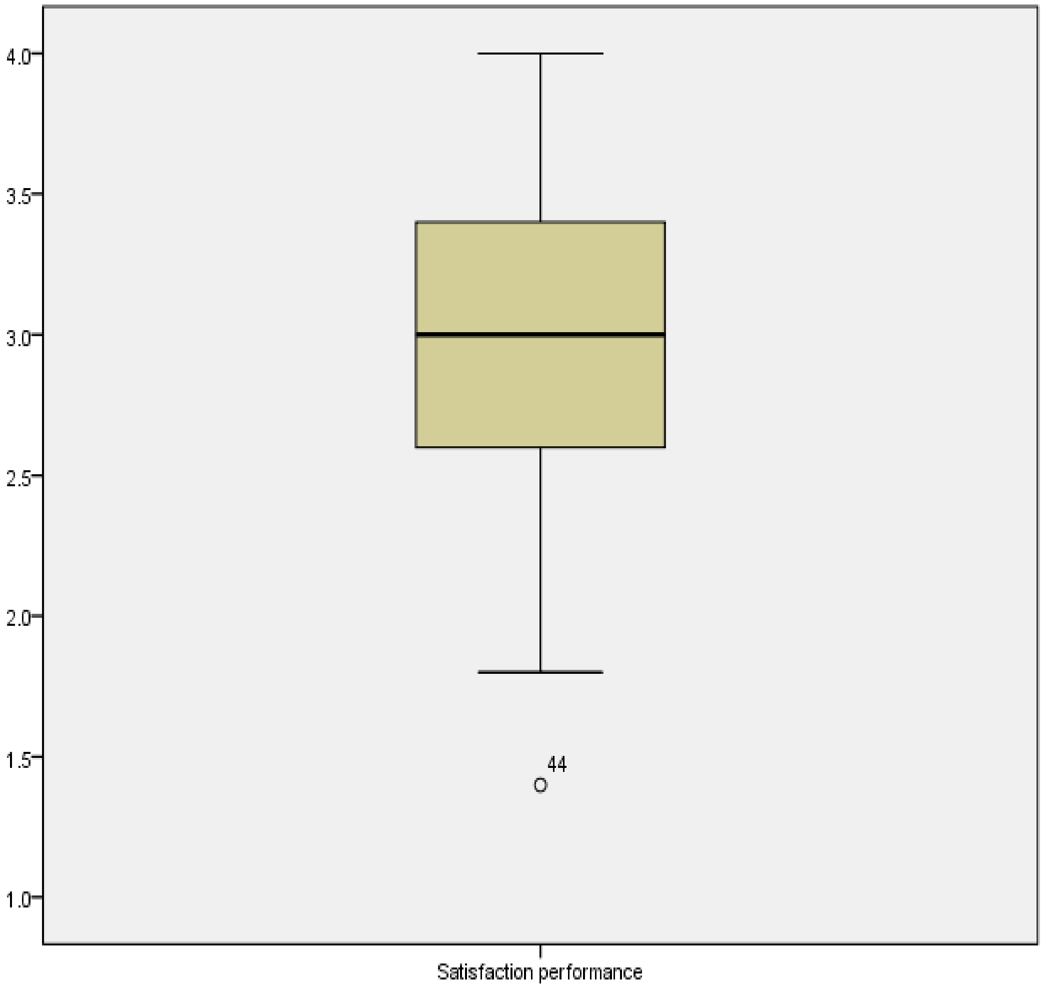
```
  28.00        3 .  4444444444444444444444444445
  34.00        3 .  6666666666666666666666666666666666
  18.00        3 .  888888888888888888
  42.00        4 .  000000000000000000000000000000000000000000

Stem width:      1.00
Each leaf:       1 case(s)
```





Detrended Normal Q-Q Plot of Satisfaction performance
Dev from Normal
0.3
0.2
0.1
0.0000
-0.1
-0.2
1.0
1.5
2.0
2.5
3.0
3.5
4.0
Observed Value


4.0
3.5
3.0
2.5
2.0
1.5
1.0
44
Satisfaction performance

Appendix xi: University Research Permit

JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY
DEPARTMENT OF ENTREPRENEURSHIP, TECHNOLOGY,
LEADERSHIP & MANAGEMENT

Telegrams: "Thika
Tel: (0151) 52181-4
Fax: (0151) 52164
Email: director@hrd.jkuat.ac.ke

OFFICE OF THE CHAIRPERSON
P. O. BOX 62000-00200
NAIROBI

DATE: 11th August, 2015

JKU/24/HD412-1530/2013

To whom it may concern:

Dear Sir/Madam,

RE: PhD RESEARCH PROJECT FOR: NIXON KAGUTHA NJUE

This is to introduce to you **Mr. Njue** who is a student pursuing Doctor of Philosophy degree in Human Resource Management in the Department of Entrepreneurship, Technology, Leadership, and Management in the School of Entrepreneurship, Procurement and Management, College of Human Resource Development at Jomo Kenyatta University of Agriculture and Technology.

The student is currently undertaking a research proposal on: **"Influence of Leadership Development Practices on the Performance of Micro-Finance Institutions in Kenya."** in partial fulfilment of the requirement for the programme.

The purpose of this letter is to request you to give the student the necessary support and assistance to enable him obtain the necessary data for the research. Please note that the information given is purely for academic purposes and will be treated with strict confidence.

Thank you.

Yours faithfully,

Dr. Alice Simiyu
Postgraduate Research Coordinator
Department of Entrepreneurship, Technology, Leadership and Management

JKUAT is ISO 9001:2008 Certified
Setting Trends in Higher Education, Research and Innovation

Appendix xii: Research Authorization

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471, 2241349, 310571, 2219420
Fax: +254-20-318245, 318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

Date: 11th September, 2015

NACOSTI/P/15/2220/7594

Nixon Kagutha Njue
Jomo Kenyatta University of
Agriculture and Technology
P.O. Box 62000-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Influence of leadership development practices on the performance of micro finance institutions in Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **all Counties** for a period ending **9th September, 2016.**

You are advised to report to **the Chief Executive Officers of selected Microfinance Institutions, 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. S.K. LANGAT, OGW
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Chief Executive Officers
Selected Microfinance Institutions.

The County Commissioners
All Counties.

National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified

Appendix xiii: Research Identification

THIS IS TO CERTIFY THAT:
MR. NIXON KAGUTHA NJUE
of JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY, 2334-1000 THIKA, has been permitted to conduct research in *All Counties*

on the topic: *INFLUENCE OF LEADERSHIP DEVELOPMENT PRACTICES ON THE PERFORMANCE OF MICRO FINANCE INSTITUTIONS IN KENYA.*

for the period ending:
9th September,2016

Permit No : NACOSTI/P/15/2220/7594
Date Of Issue : 11th September,2015
Fee Recieved :Ksh 2,000

....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation

Appendix xiv: Research Approval

JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY

DIRECTOR, BOARD OF POSTGRADUATE STUDIES

P.O. BOX 62000
NAIROBI – 00200
KENYA
Email: director@bps.jkuat.ac.ke

TEL: 254-067-52711/52181-4
FAX: 254-067-52164/52030

REF: JKU/2/11/HD412-1530/2013

28TH OCTOBER, 2015

NJUE NIXON KAGUTHA
C/o SEPM
JKUAT

Dear Mr. Njue,

RE: APPROVAL OF PhD RESEARCH PROPOSAL AND SUPERVISORS

Kindly note that your research proposal entitled: **"Influence of leadership development practices on the performance of microfinance institutions in Kenya"**, has been approved. The following are your approved supervisors:-

1. Dr. E. Waiganjo
2. Prof. J.M. Kihoro

PROF. MATHEW KINYANJUI
DIRECTOR, BOARD OF POSTGRADUATE STUDIES

Copy to: Dean, SEPM

/sn

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