DECLARATION

I declare that, this project is my own original work and has not been presented for award of any degree in any University.

Signed: _____________________ ________________

EVANS KIBIWOT NGETICH Date:

REG NO: D53/OL/CTY/26218/2015

This research project has been submitted for the examination with my approval as the University supervisor.

Signed: _____________________ Date________________

DR. ANNE WAMBUI MUCHEMI, PHD
LECTURER, BUSINESS ADMINISTRATION DEPARTMENT
SCHOOL OF BUSINESS, KENYATTA UNIVERSITY
DEDICATION

This project is dedicated to my dear Family for their support, love and encouragement. To them that had to endure with my busy schedule of class, job and family affairs.

May God bless you all.
ACKNOWLEDGEMENT

I give thanks to God Almighty. Secondly I wish to thank my Supervisor Dr. Anne
Wambui Muchemi, my friends and classmates for their tireless assistance.
TABLE OF CONTENTS

DECLARATION.................................................................................................................. ii
DEDICATION...................................................................................................................... iii
ACKNOWLEDGEMENT...................................................................................................... iv
TABLE OF CONTENTS ..................................................................................................... v
LIST OF TABLES .............................................................................................................. viii
LIST OF FIGURES ............................................................................................................ x
OPERATIONAL DEFINITION OF TERMS ...................................................................... xi
ABBREVIATIONS AND ACRONYMS ........................................................................... xii
ABSTRACT ....................................................................................................................... xiii

CHAPTER ONE: INTRODUCTION .................................................................................. 1
1.1. Background of the Study ...................................................................................... 1
1.1.1 Firm Performance ............................................................................................. 2
1.1.2 Leadership Styles ............................................................................................ 4
1.1.3 Sacco’s in Kirinyaga County .......................................................................... 6
1.2. Statement of the Problem .................................................................................. 6
1.3. Research Objectives ............................................................................................ 8
1.3.1 General objective ........................................................................................... 8
1.3.2 Specific Objectives .......................................................................................... 8
1.4. Research Hypothesis ......................................................................................... 8
1.5. Significance of the Study .................................................................................. 9
1.6 Scope of the Study ............................................................................................... 9
1.7 Limitations of the study ..................................................................................... 10

CHAPTER TWO: LITERATURE REVIEW ..................................................................... 11
2.1 Introduction ......................................................................................................... 11
2.2 Theoretical Review ............................................................................................. 11
2.2.1 Traits Theory ................................................................................................ 11
2.2.2 Behavioral theory .......................................................................................... 12
2.2.3 Situational Theory ....................................................................................... 13
2.2.4 Contingency theory ...................................................................................... 14
2.3 Empirical Review ............................................................................................... 15
2.3.1 Transactional Leadership and Firm Performance ........................................15
2.3.2 Transformational Leadership and Firm Performance ................................16
2.3.3 Bureaucratic Leadership and Firm Performance ........................................18
2.3.4 Democratic Leadership and Organizational Performance ..........................19
2.4 Summary Literature Review ........................................................................20
2.5 Conceptual Framework ..............................................................................23

CHAPTER THREE: RESEARCH METHODOLOGY ........................................24
3.1 Introduction .................................................................................................24
3.2 Research Design .........................................................................................24
3.3 Target Population ......................................................................................24
3.4 Sample Design ...........................................................................................25
3.5 Data Collection, Procedures and Instruments .............................................25
3.6 Validity and Reliability ............................................................................26
3.6.1 Reliability ...............................................................................................26
3.6.2 Validity ....................................................................................................26
3.7 Reliability and Validity Test .......................................................................27
3.8 Data Analysis ..............................................................................................28
3.9 Ethical considerations ...............................................................................29

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION
4.1 Introduction .................................................................................................30
4.2 Response Rate ............................................................................................30
4.3 General information ...................................................................................30
4.3.1 Age of the Respondents .....................................................................30
4.3.2 Gender of the Respondents ..................................................................31
4.3.3 Academic Qualification of Respondents .............................................32
4.4 Organisation Bio-Data ...............................................................................33
4.4.1 Sacco Category ....................................................................................33
4.4.2 Sacco’s Scope of Operations ...............................................................33
4.4.3 Services provided by the Sacco’s .........................................................34
4.5 Leadership Styles ......................................................................................35
4.5.1 Transactional Leadership and Performance of Sacco’s ........................................ 35
4.5.2 Transformational Leadership and Performance of Sacco’s ................................ 36
4.5.3 Bureaucratic Leadership and Performance of Sacco’s ...................................... 38
4.5.4 Democratic Leadership and Performance of Sacco’s ....................................... 39
4.6 Sacco’s Performance ............................................................................................. 40
4.7 Test of Hypothesis ................................................................................................. 41
4.7.1 Transactional Leadership Style and Performance .............................................. 41
4.7.2 Transformational Leadership Style and Performance ......................................... 43
4.7.3 Bureaucratic leadership Style and performance ................................................ 45
4.7.4 Democratic leadership style and Performance ................................................... 47
4.7.5: Regression Analysis Summary ....................................................................... 48
4.8 Major challenges the SACCOs encounter in adopting the various leadership styles ........................................................................................................... 50

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS .......................................................... 51
5.1 Introduction ............................................................................................................ 51
5.2 Summary ............................................................................................................... 51
5.3 Conclusion ............................................................................................................ 52
5.4 Recommendations ............................................................................................... 53
5.5 Suggestions for Further Research ....................................................................... 54

REFERENCES ............................................................................................................. 55
APPENDICES ................................................................................................................ 60
APPENDIX I: University Approval Letter .................................................................. 60
APPENDIX II: University Authorization Letter ......................................................... 61
APPENDIX III: NACOSTI Authorization Letter .......................................................... 62
APPENDIX IV: Researcher Introduction Cover Letter .............................................. 63
APPENDIX V: Questionnaire ..................................................................................... 64
APPENDIX VI: List of SACCOS in Kirinyaga County .................................................. 69
LIST OF TABLES

Table 2:1: Summary of Previous Studies and Knowledge Gaps ........................................... 21

Table 3:1: Target Population ........................................................................................................ 25

Table 3:2: Sample Design ............................................................................................................. 25

Table 3:3: Shows the Reliability and Validity Results for the Data Analysed for the Study. ......................................................................................................................... 27

Table 3:4: Construct Validity ......................................................................................................... 28

Table 4:1: Response Rate ............................................................................................................ 30

Table 4:2: Academic Qualification of the Respondents .................................................................. 32

Table 4:3: Transactional Leadership and Performance of Sacco’s .............................................. 36

Table 4:4: Transformational Leadership and Performance of Sacco’s ........................................ 37

Table 4:5: Bureaucratic Leadership Style and Performance Sacco’s ........................................... 38

Table 4:6: Democratic Leadership and Performance of Sacco’s ................................................. 39

Table 4:7: Performance of the Selected Sacco’s ........................................................................... 40

Table 4:8: Multiple Regression Model Summary for Transactional leadership ....................... 41

Table 4:9: ANOVA for Internal Controls ...................................................................................... 41

Table 4:10: Regression Coefficients of Transactional Leadership ............................................. 42

Table 4:11: Multiple Regression Model Summary for Transformational leadership ............... 43

Table 4:12: ANOVA for Internal Controls .................................................................................... 43

Table 4:13: Regression Coefficients of Transformational Leadership ....................................... 44

Table 4:14: Multiple Regression Model Summary for Bureaucratic leadership ..................... 45

Table 4:15: ANOVA for Bureaucratic Leadership ....................................................................... 45
Table 4:16: Regression Coefficients of Bureaucratic Leadership ..................................... 46

Table 4:17: Multiple Regression Model Summary for Democratic leadership .................. 47

Table 4:18: ANOVA for Internal Controls ........................................................................ 47

Table 4:19: Regression Coefficients of Democratic Leadership ....................................... 47

Table 4:20: Model Fit Results .......................................................................................... 48

Table 4:21: Results of the $R^2$ ..................................................................................... 48

Table 4:22: Coefficients on Multiple Regression of Variables ........................................ 49
LIST OF FIGURES

Figure 2:1: The relationship between leadership styles and performance of Saccos in Kenya ................................................................. 23

Figure 4:1: Age of the Respondents .................................................................................. 31

Figure 4:2: Gender Distribution of the Respondents ....................................................... 32

Figure 4:3: Ownership Structure of Sacco’s ..................................................................... 33

Figure 4:4: Operations Scope of the Selected Sacco’s in Kirinyaga County ............... 34

Figure 4:5: Range of Services Provided by SACCOs in Kirinyaga County ................. 35
## OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership</strong></td>
<td>the capacity of an organization’s control to make sound decisions and encourage others to perform well</td>
</tr>
<tr>
<td><strong>Leadership Style</strong></td>
<td>It is technique a manager show the way consists of transformation, transactional, bureaucratic and democratic styles</td>
</tr>
<tr>
<td><strong>Transformational Leadership</strong></td>
<td>a management method that causes change in individuals and social systems. In its ideal shape, it creates valuable and effective alternate in the fans with the quit intention of developing fans into leaders</td>
</tr>
<tr>
<td><strong>Bureaucratic leadership</strong></td>
<td>leadership based totally upon constant reliable responsibilities underneath a hierarchy of authority, making use of a gadget of policies for management and selection-making</td>
</tr>
<tr>
<td><strong>Transactional Leadership</strong></td>
<td>also called managerial leadership makes a speciality of supervision, business enterprise, and organization overall performance; transactional management is a style of management in which leaders promote compliance with the aid of followers through both rewards and punishments.</td>
</tr>
<tr>
<td><strong>Democratic Leadership</strong></td>
<td>A kind of leadership style where employees working in an organization are involved in decision making process of the organization.</td>
</tr>
</tbody>
</table>
# ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>DSM</td>
<td>Diagnostic and Statistical Manual</td>
</tr>
<tr>
<td>Fintech</td>
<td>Financial Technology</td>
</tr>
<tr>
<td>KBA</td>
<td>Kenya Bankers Association</td>
</tr>
<tr>
<td>SACCO</td>
<td>Savings and Credit Co-operative Society</td>
</tr>
<tr>
<td>SASRA</td>
<td>Sacco Society Regulatory Authority</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Science</td>
</tr>
</tbody>
</table>
ABSTRACT

Leadership style can lead to the achievement or downfall of the business. The banking industry in Kenya has experienced first rate modifications introduced about via globalization, liberalization, intense competition amongst competitors, converting regulatory hints, generation, and more stressful clients. Those adjustments within the dynamic enterprise environment require leadership which can permit each the people and the enterprise to adapt and achieve success. The maximum commonplace management patterns and frameworks include autocratic leadership, bureaucratic leadership, charismatic management, transactional leadership, and transformational management. No matter all the headlines approximately banking profitability, SACCO’s and financial establishments are nevertheless no longer making enough return on funding, or the return on fairness, that shareholders require. The SACCO’s are also no longer meeting client prospect. Nowadays it is all about the purchaser enjoy, and plenty of SACCO’s are feeling stress because they may be not delivering the extent of carrier that customers are disturbing, especially with regard to generation. The study was aimed at determining the influence of leadership styles and performance of Sacco’s in Kenya. The objectives were to examine out the effect of transactional leadership, transformational leadership, bureaucratic leadership and democratic leadership style in performance of Sacco’s in Kenya. The study adopted a descriptive research design. The target population was 303 which consisted of non-management employees in four major Sacco’s in Kirinyaga County. The researcher used stratified random sampling technique. Data was collected through questionnaires and analysed using descriptive statistics and multiple regression. The analysed data was presented using tables, charts, graphs, percentages and frequencies. Hypothesis testing revealed statistically significant results for the relationship transactional leadership had weak positive significant effect on performance, transformational leadership had positive and significant effect on performance, bureaucratic leadership had stronger positive and significant effect on performance, and democratic leadership had weaker positive and significant effect on performance. The study concluded that the other methods of leadership should be applied based on stages in growth of the organizations to enable overcome challenges that come with implementation of the styles. The study recommended Sacco’s that the need to transform their leadership styles to enable them turn around their performance and remain competitive in the financial sector. Future researchers should consider other leadership styles such autocratic, laisse-faire. Future studies may also adopt different research design such as causal effect as opposed to descriptive design.
CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

In line with Albrecht (2011), performance is the extent to which a commercial enterprise attains a hard and fast of its formulated goals which are specific to its mission. Leadership style can play a great role in the fulfilment or failure of any business enterprise. The maximum commonplace control frameworks include autocratic management, bureaucratic leadership, charismatic leadership, transactional management, and transformational control, all of which might be based totally mostly on several notable techniques to control. Management, as defined by Jordan (2012), is a procedure of serving the humans that give you the results you want via giving them the gear they want to succeed. Management style is the manner wherein that manner is finished. Overall performance is the accomplishment and execution of obligations. Every fashion of leadership affects organizational performance in another way; some assisting groups are triumphant and others hamper their growth leading to failure.

There are numerous specific management theories which have risen from the last century, early theories on control focused on identifying dispositions that differentiated among leaders and fanatics. Next theories on leadership focused on one of a kind variable along with situational problems and degrees of capacity. Through the years, some of theories on control and performance were proposed. Bratton (2007) observes that control principle sorts consist of axes: of those which might be associated with organizational efficiency and seem to be better prescriptive in direction and of those which can be thru and large analytic and intended to better apprehend the idea. but, it isn't always usually generally easy to categorise any of the theories as one or the opposite absolutely.
A SACCO is an organization that gives monetary offerings, as well as issuing cash in diverse ways (Mills, 2005). SACCO’s are financial intermediaries that function economic useful resource mobilization elements in the international financial system. The responsibility of SACCOs in the advertising of the welfare and monetary pastimes of its members and included in by means of-legal guidelines the subsequent ideas voluntary and open club, democratic member control and difficulty for network in standard.

1.1.1 Firm Performance

Brumbach (1988), as noted in Armstrong (2001), articulates that performance refers to each behaviours’ and consequences, and moves of tough work to build up outcomes or results. behaviours are consequences in their very non-public proper and reactions to the manufactured from intellectual and physical attempt accomplished to tasks. Koontz and Donnell (1993) define organizational performance as the capability of an organization to acquire its goals as immoderate profits, fantastic product, huge marketplace share, desirable monetary consequences, and survival at pre-decided time the use of relevant approach for accomplishment.

In present years, most of the companies have tried to control managerial standard performance by using the balanced scorecard method in which performance is obtained and considered in more than one dimensions along side: financial performance, customer service, social responsibility and worker stewardship. Mccloy, Campbell and Cudeck, (1994) as noted in Sheu, Fais and Husna (2012) described the term performance as those behaviours or movements which can be appeared applicable to the dreams of the said business enterprise in query. They further argued that performance itself cannot be thought to be the ending itself, outcomes or the cease result of behaviours or motion however as an alternative performance may be said it's the motion itself. As a result they argued that performance has a tendency to be multidimensional, a situation wherein for any precise-kind of job, there has a bent to be some of fundamental performance components which is probably outstanding in terms in their inter-correlations and styles on co-variant with other variables.
The financial statements of financial institutions generally include a ramification of economic ratios designed to present a demonstration of the employer’s overall performance. Clearly said, a lot of the present day financial institution overall performance literature shows the goal of economic enterprises as that of incomes suitable income and reducing the uncertainties engaged to earn this return (Alam et al, 2011). The best way of measuring company overall performance consequently is primarily based on its profitability margin, effectiveness in carrier shipping or manufacturing which meets stakeholder expectation and client needs and in particular performance which runs to useful resource use and price slicing measures.

The idea of organizational overall performance is one of the maximum vital based variables of pastimes for researchers concerned with quite lots any place of manipulate (Richard et al., 2008). Even though the idea of organizational overall performance might be very commonplace within the academic literature, its definition is difficult because of its many meanings. Due to this, there may be no a universally not unusual definition of this concept. Within the 1950s organizational overall performance became described as the quantity to which corporations, appeared as a social machine fulfilled their goals (Tannenbaum, 1957). Performance assessment at some stage in this time become focused on paintings, human beings and organizational form.

Managers started out to understand that a commercial enterprise business enterprise is a hit through conducting its dreams (effectiveness) the use of as a minimum source (performance). For this reason, organizational theories that found supported the idea of a business enterprise that achieves its wellknown performance goals based totally on the constraints imposed through the constrained property (Lusthaus & Adrien, 1998 after Campbell, 1970). On this context, profits became one of the many signs of overall performance. Performance is organizational capability in generating something related to favored goals (Kaithen, 2002). Performance is work effects achieved through the use of someone or a hard and fast of human beings in a business agency, according with their respective authority and obligation to gain the organizational motive legally, without breaking felony tips, and according with moral and ethics (Prawirosentono, 2000). The fashion of management impacts common performance when you take into
account that performance can’t be finished inside the absence of a leadership that would adapt to the modifications and demanding situations of the surroundings, this is privy to a way to inspire the personnel and that encourages them to take extra possession for his or her work.

Madrid et al. (2007) that excessive appearing companies are capable of generate a variety of corporation and society advantages like attracting property, wealth introduction and jobs era. They further view an accurate level of simple overall performance can offer reliable belief into what impacts basic overall performance and the way organizations can growth properly techniques, set up sources, meet client expectations and compete. Income is the final aim of Sacco’s. All the strategies designed and occasions accomplished thereof are intended to comprehend this grand purpose. But, this does not mean that Sacco’s have no other goals. Sacco’s may additionally have extra social and economic desires (Alexandru et al., 2008).

1.1.2 Leadership Styles

Each leader in all the enterprise plays notable responsibilities for the easy operation of the enterprise and improvement of organizational normal performance. The way wherein the leader undertakes the one’s responsibilities and commands the operations of the enterprise is referred to as his or her manipulate style. Management styles consequently is the manner a pacesetter leads (Oyetunyi, 2006). Leadership styles are as numerous and varied as there are definitions and ideas of management. Unique researchers and academicians alike have given unique leadership patterns.

Management theories gift various control patterns together with charismatic management, transactional leadership, and transformational control. Tannenbanum and Schmidt (1958) additionally grow to be aware about 4 appreciably normal and used management styles: democratic, autocratic, dictatorial, and laissez faire control. One of the maximum excellent formats for classifying and studying control includes 3 leadership patterns – laissez-faire (non-control), transactional (based totally on reward gadget and punishments) and transformational based on thought and behavioural air of mystery (Bass & Avolio, 1993).
Leadership requirement in nowadays corporations in Kenya’s attitude will be very essential to meet the worldwide enterprise challenges. Schermerhorn, Hunt and Osborn (2000) show that management is the coronary heart of any commercial organization employer, because it determines the achievement or failure of the business enterprise. Mills (2005) note that devoid of management, companies flow too slowly, stagnate, and lose their focus. Also devoid of management a human beings fast collapse into quarrel and disagreement, due to the fact they see matters in exceptional methods and lean towards specific answers. Leaders assist lessen uncertainty and doubt in corporations, and consequently control facilitates to issue group of workers in the same course and connect their hard work collectively to gain organizational desires.

A manager has to make a dedication to the imaginative and prescient, to the employer, and to the participants of the business enterprise. Leadership additionally entails assuming a massive amount of obligation and hazard (Generators, 2005). In line with Etemesi (2012) proper management consists of giving attention to their employees, finding adequate time to comprehend and being equipped for the unexpected because of the truth that is what is expected. Charles Keating (1982) observes that management is service in the revel in that it seeks to fulfil the dreams of a man or woman or of the group via acting needed talents. Someday strong directive strength is effective management together with even as a group has misplaced its sense of course or cause. Every so often the organisation wishes to be recommended and supported, at one of kind times it could need to be re-oriented.

The capacity to take a team from “getting the task done” to “surpassing each aim and expectation with flying colours” calls for an know-how of the distinction among what it manner to control a group of human beings and lead a set of human beings. For as many individuals which are leaders, there are almost as many methods to guide. One-of-a-kind management patterns may be effective given the precise demanding situations being confronted and unique wishes of the people concerned. Alternatively of selecting one leadership fashion, powerful leaders are capable of move amongst styles, selecting the one that is required within the second (Dean Vella, 2013).
1.1.3 Sacco’s in Kirinyaga County

SACCO’s in Kenya are the primary gamers within the financial zone and especially inside the banking enterprise in Kenya. The co-operative society act, the banking act, the primary bank of Kenya act and the various prudential tips issued by means of Central Bank of Kenya (CBK), governs the banking industry in Kenya. The SACCO is regulated and supervised by SACCO Society Regulatory Authority (SASRA) (Sacco Society Act 2008)

The SACCO’s in Kirinyaga County consist of; Fortune Sacco, Lainisha Sacco, Ollin Sacco and Bingwa Sacco. The SACCO’s operates its commercial enterprise via the following segments: retail banking, corporate banking, mortgages, treasury and different group. The retail banking section affords services such as customer modern-day accounts, financial savings and fixed deposits to people. The company banking phase offers offerings which includes present day money owed, fixed deposits, overdrafts, loans and different credit facilities both in neighborhood and overseas currencies.

1.2. Statement of the Problem

According to the Digital Economy (2015) the banking industry faces essential demanding situations. Notwithstanding all of the headlines about banking profitability, Sacco’s and monetary establishments despite the fact that are not making sufficient pass returned on investment, or the go back on fairness, that shareholders require via Koech (2012). in recent times it’s all approximately the client experience, and lots of Sacco’s are feeling strain because they are now not turning in the extent of provider that purchasers are annoying, particularly with reference to technology. There’s also growing competition from economic generation companies. In line with Braton (2007) Financial technology (Fintech) companies are normally begin-up groups based totally on using software to provide financial offerings.
The growing reputation of Fintech organizations is unruly the way conventional banking is being executed. This creates a large venture for traditional Sacco’s due to the fact they are not capable of adjust quickly to the adjustments now not simply in technology, but additionally in operations, tradition, and different sides of the enterprise, (Braton (2007). In line with the banking act the pile regulatory pressure has also affected their overall performance like the latest capping of the interest fees amongst banking group in Kenya (Banking act, 2016). Regulatory necessities keep to growth, and Sacco’s want to spend a massive a part of their discretionary budget on being acquiescent, and on constructing systems and strategies to keep up with the increasing needs.

Empirical studies into the direct relations among management and performance have been missing, inconclusive or empirically suspect, a exceptional exception is the precise have a look at of the ‘impact of management patterns on organizational standard overall performance of businesses in Kenya’ by Koech (2012). Even though some of studies were achieved on financial organizations performance, and on leadership styles in Kenyan Sacco’s, no unique study on leadership styles and performance of Sacco’s has been encountered to this point in Kirinyaga County. Wafubwa (2013) in his study entitled ‘elements influencing performance of enterprise banks in Kenya: a case of the Kenya Commercial Bank, Bungoma County’ outlines control as one of the factors which have an impact on of overall performance of business banks. The restricted nature of study’s findings on this place indicates there's need to research similarly the manner of the relationship among leadership and ordinary performance of Sacco’s (Kanyari, 2011).

This study aimed at establishing the cause of leadership styles on performance of Sacco’s in Kenya. This study aimed toward setting up the effect of management styles followed through the Saccos, and to examine its impact on Saccos performance, which perpetually translates to organizational performance. On the basis of this history, questions that rise up are in this study are: What is the effect of transactional leadership style, transformation leadership style, bureaucratic leadership style and democratic leadership style as it is adopted by in Sacco’s in Kenya on organisational performance?
1.3. Research Objectives

1.3.1 General objective

The objective of this study was to establish the influence of leadership styles on the performance of Sacco’s in Kenya.

1.3.2 Specific Objectives

i. To establish the effect of transactional leadership style on performance of Sacco’s in Kenya

ii. To determine the effect of transformational leadership style on performance of Sacco’s in Kenya

iii. To assess the effect of bureaucratic leadership style on performance of Sacco’s in Kenya

iv. To establish the effect of democratic leadership style and performance of Sacco’s in Kenya

1.4. Research Hypothesis

i. $H_0$: There is no significant relationship between transactional leadership style and performance

ii. $H_0$: There is no significant relationship between transformational leadership style and performance

iii. $H_0$: There is no significant relationship between bureaucratic leadership style and performance

iv. $H_0$: There is no significant relationship between democratic leadership style and performance
1.5. Significance of the Study

This study will put in additional expertise to the current body of literature on the inspiration of management and performance. The study findings will bring into perspective the relationship among leadership styles practised by leaders in the banking industry in Kenya towards the performance of the institutions.

The final results of the study would be valuable to the other scholars in the field of human resource management. This will additionally be a source of reference for subsequent research to individuals who might adopt studies in comparable subject. This study additionally would be used as a foundation of similarly studies and moreover in academics in the area of management and organizational performance.

The study results also would in addition be utilized by policy makers within the banking enterprise to plan hints that promote accountable control for normal performance. Experts in the financial sector would use effects from the check to make critical exam of current leadership styles in their businesses which would moreover assist them work toward improvement of the existing leadership styles.

1.6 Scope of the Study

The conceptual scope of this study lied on the effects of leadership styles and performance of Sacco’s in Kenya. The study targeted the employees among Sacco’s operating in Kirinyaga County, Kenya. This is due to the fact these have been convenient staffs conversant with the information sought close to the study on the effects of leadership styles on the performance of Sacco’s in Kenya. It’s thought that this will offer sufficient records for the study and consequently provide dependable consequences and findings. The study covered a period of 5 years between 2011 and 2016 and the performance of the SACCOs within the period was analysed.
1.7 Limitations of the study

In line with Orodho (2009) study limitations constitute the component of the study that the researcher knows may also have an effect on the consequences generalization to the broader region negatively. A few respondents had been now not inclined to offer information fearing victimization by way of the manager and but the researcher assured them that overall confidentiality would be located on their responses and could be used for academic reason simplest.

The study focused on simplest 4 Sacco’s in Kirinyaga as a representative of all Sacco’s licensed in Kenya via the relevant financial institution. This would not necessarily be the case however a huge form of functions correlates with different enterprise gamers. The study was also restricted to Kirinyaga County. This unavoidably suggest uniformity and consistency with all of the branches of the Sacco’s on regulations however the it was believed that with management patterns, there may be uniformity in operations in all branches.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The review of literature in this section covers theoretical framework and empirical studies that have been carried out in the area of leadership and performance in SACCOs.

2.2 Theoretical Review

Globally, management has turn out to be the maximum extensively studied element of organizational behaviour and a number of theories have emerged focusing on the strategies, developments, patterns and the situational technique to management. Because of ever-developing interest within the subject of control, behavioural scientists and sociologists commenced to take a look at the possible outcomes of leadership behaviours and the variables which might be used to be waiting for the leader's behaviours. Given that it is the responsibility of leaders to get topics attained throughout the synchronized efforts of others, it is assumed therefore that manipulate capabilities (Rollinson et al, 2001).

2.2.1 Traits Theory

This theory was advocated by Ralph Stogdill in 1974. The idea proposes that people possess sure character traits that in part decide their conduct. Trait theorists believe personality may be understood by using positing that each person has positive traits, or characteristic methods of behaving. In line with Diagnostic and Statistical Manual (DSM) of the American psychiatric association, personality traits are outstanding elements of personality which can be exhibited in a huge type of vital social and private contexts (Furnham et al, 1994). In other words, people have sure traits that in part establish their behavior; these tendencies are trends in behavior or mind-set that lean to be present regardless of the state of affairs (Yukl, 2006).
An example of a trait is extraversion–introversion. Extraversion has a tendency to be manifested in outgoing, talkative, active conduct, while introversion is manifested in additional retained and friendless behavior. A man or woman can also fall alongside any point in the continuum, and the region wherein the man or woman falls will decide how he or she responds to numerous conditions (Stogdill, 1948). The trait attitude became one of the earliest theories of leadership inside the 1940’s which assumes that great leaders are born with well-known personality trends that cause them to advanced right for leadership and lead them to incredible from other people or their followers (Zaccaro et al., 2004).

Stogdill’s review of the management literature got up here with the most entire listing of developments. Stogdill’s observe that leadership styles vary significantly on unique needs on leaders, destroyed trait precept, leading to the emergence of situational and behavioural procedures. McCall and Lombardo (1983) researched every achievement and failure identified 4 primary tendencies with the useful resource of which leaders could be successful or ‘derail’: emotional balance and composure: calm, confident and predictable, especially even as beneath strain. Proudly owning up to errors, as opposed to placing power into protecting up. Genuine interpersonal abilities: in a position to talk and convince others without motel to horrible or coercive strategies. Highbrow breadth: able to recognize a large kind of regions, in region of getting a slim (and slim-minded) vicinity of facts.

2.2.2 Behavioral theory

This principle was proposed by Dr. Rensis Likert in Nineteen Fifties. Behavioral idea of management kingdom that it is the conduct of leaders that differentiates them from their lovers. it makes a forte of the moves of leaders in place of on intellectual tendencies or inner states with the notion that notable leaders are made, now not born. Constant with this precept, humans can learn to become leaders via coaching and statement. Behavior concept examine whether the leader is undertaking orientated, people orientated, or each. Studies performed on the college of Michigan and Ohio country university in 1945, mounted predominant kinds of leader behaviour specifically: employee-centred
and manufacturing-concentrated (Hersey and Blanchard, 1988). Management is all approximately dealing with personalities or trends of humans to allow them manipulate their abilities or potentials. Leaders can encourage wonderful trends for the human sources to be extra effective by them being mission and those orientated or maybe both. behavioural theories of management do no longer are seeking inborn developments or competencies. Alternatively, they look at what leaders without a doubt do. if fulfilment can be described in terms of describable moves, then it have to be notably clean for different people to perform in the equal approach Etemesi (2012).

According Keating (1982) behavioural theory is notably simple to increase, as you without a doubt weigh up each leadership success and the movements of leaders. With a huge sufficient examine, you may then show a relationship statistically sizeable behaviours with achievement. You could additionally pick out behaviours which contribute to failure, for that reason including a 2nd layer of expertise. This opens the floodgates to leadership development, in preference to easy psychometric evaluation that types those with management ability from folks that will never have the risk.

2.2.3 Situational Theory

Fiedler’s situational theory turned into advanced by using Fred Fiedler in the overdue Nineteen Sixties. He believes in a situational management fashion; i.e. the success leader is one that adapts his fashion to the circumstance. Fiedler believes that there are key forms of the leader, the mission-orientated chief and the humans-orientated chief. According to Fiedlers situational idea, the factors that could have an effect on the effectiveness of management are: how truly described and based the job scope is, how a whole lot positional electricity the leader has and the relationship among the leaders and the followers

Bass (2000) referred to that the maximum favorable state of affairs for a high degree of achievement is a absolutely defined task scope, high positional energy and a great courting among leaders and fans. a excessive positional electricity means that the leader stands clearly above anyone else and is identified because the final voice on any difficulty (Pearce, 2003). All participants are willing to post themselves to this leader. Fiedler determined that project-orientated leaders are more powerful in extraordinarily
favorable or destructive conditions, while relationship orientated leaders will perform fine in intermediate situations. Sources and support: the supply of equipment, substances, human beings and external coordination: the want to collaborate with different agencies.

2.2.4 Contingency theory

This theory was first proposed with the aid of Fred Fiedler in 1952. The concept asserts that there may be no quality manner to organize a corporation, to guide a corporation, or to make selections. As an alternative, the most desirable direction of movement is contingent (based) upon the inner and outside situation. Contingency theory is a means to control in which management efficiency is by means of the interaction the numerous chief’s personal characteristics and components of the situation. Contingency theories are based totally at the idea that the connection amongst manipulate fashion and organizational results is moderated through situational factors associated with the environment, and consequently the outcomes can't be predicted with the useful resource of management fashion, except the situational variables are recognized (Cheng and Chan, 2002).

Three models exist in this management approach: Fiedler’s (1967) co-worker principle, residence’s (1971) direction-purpose concept, and Heresy and Blanchard (1969) situational management principle. From this perspective and the three models no leadership style is awesome in all situations. Achievement is predicated upon some of variables, which include the chief’s favoured style, the competencies and behaviours of the fans, and elements of the scenario. Powerful manipulate requires adapting one’s style of manipulate to situational elements, and control is contingent on three factors mainly the relationship between the chief and fans, the diploma of the venture form and the leaders’ authority, function or strength.
2.3 Empirical Review

2.3.1 Transactional Leadership and Firm Performance

Ismail et al. (2010) discussed the monetary alternate agreement this is the premise of transactional leadership and its manifestation via contingent rewards and energetic and passive control by using exception strategies. Bass and Avolio (1993) opined that transactional leaders relate to followers thru a social trade method for you to behavior mutually beneficial transactions. However, Bass and Avolio classified passive control-by means of exception behaviour as a shape of passive-avoidant management as a result of the chief’s lack of initiative in hassle resolution and response to challenges. Hargis et al. (2011) traced the origin of transactional leadership to the alternate-primarily based leadership theories of the Eighties. Hargis et al. (2011) explained that transactional leaders acquire their assignment through articulating dreams and targets absolutely, and offering rewards for intention fulfillment. in addition, the scholars noted that active management via exception leaders monitor and examine employee overall performance continually at the same time as passive management by exception leaders intervene best when personnel make mistakes. Ismail et al. referred to that transactional leaders broaden relationships with fans by means of specializing in challenge of entirety, hassle resolution, and performance praise. Bass and Avolio emphasized that transactional leaders build believe with personnel in the context of the present subculture by using casting off discriminatory practices, adhering to labour policies, undertaking honest praise and reputation practices, and addressing errors considerately.

Ismail et al. (2010) concluded that transactional leadership behaviours contribute to powerful management because transactional leaders examine and manage transactions with followers using policies, incentives, and instructions. Zagorsek et al. (2009) cited that transactional leaders make clear roles and provide material and mental rewards contingent on the release of contractual obligations. Avolio et al. (1999) mounted the critical function of transactional, contingent reward leadership in structuring expectations with followers and growing agree with by honoring contracts continuously. To this quit, Zagoršek et al. concluded that transactional leadership
facilitates the paintings of transformational management via setting up consistency and reliability in management behaviour.

A number of its measures can also de-encourage personnel. As an example, it doesn’t provide tons in terms of thought, to motivate people to head past the fundamentals; consequently personnel may get complacent and develop a bent to attain minimum expectancies that most effective would help them avoid penalties (Bass, 1990). Howell and Avolio (1993) study that if managers do not successfully comply with-up on the contingent praise promises, they display behavioural inconsistency and are therefore viewed as useless leaders.

2.3.2 Transformational Leadership and Firm Performance

Bass and Avolio (1993) characterised transformational management as along with 4 components; idealized impact, inspirational motivation, highbrow stimulation, and individualized attention. Bass and Avolio alluded to the relational thing of transformational leadership through citing the leaders’ intuition and responsiveness to the desires of followers. In addition, Antonakis et al. (2003) highlighted the relational alternate between leaders and personnel the use of the 4 additives of transformational leadership as the premise for employee mentoring and empowerment by way of responsive leaders. Frooman, Mendelson, and Murphy (2012) described transformational management as an active form of leadership wherein leaders inspire fans towards a collective vision, have interaction with fans within the method of giving and receiving remarks, and offer encouragement inside the pursuit of private and professional desires.

Bass and Avolio (1993) asserted that transformational leaders comprise perception, creativity, tenacity, and electricity strategically within the development of organizational cultures that thrive on innovative change and growth. Ismail et al. (2010) mounted that transformational leaders articulate organizational vision, display recognition of worker wishes, expand follower creative skills, provide assets for highbrow potential improvement, and show moral and ethical requirements via using the five components of transformational management. Charbonnier-voirin et al. (2010)
stated that transformational leaders employ the four additives of transformational management to ask followers to enlarge their individual capacities and make use of available resources to make a contribution to the undertaking of the company.

Antonakis et al. (2003) explained that idealized affect exists in which the chief is strong and charismatic, and the actions of the chief demonstrate a feel of assignment and adherence to values. Hargis et al. (2011) depicted idealized influence as the representation of leadership behaviours aimed at influencing follower perceptions of the leader. Hargis et al. argued that idealized have an effect on allows popularity of the leader as a powerful and assured agent on a venture to acquire organizational goals. Fooman et al. (2012) described idealized impact as a frontrunner’s potential to articulate a collective imaginative and prescient and sell morally uplifting values amongst fans. For example, Fooman et al. observed a negative dating among transformational leadership and illegitimate absenteeism because of the chief’s capacity to promote high-order values among followers.

Transformational management fashion specializes in the development of charge machine of employees, their motivational diploma and moralities with the improvement of their abilities (Ismail et al., 2009). it essentially allows follower’s benefit their dreams operating in the organizational putting; it encourages lovers to be expressive and adaptive to new and advanced practices and adjustments inside the environment (Bass, 1994). Transformational leaders are capable of articulate an appealing vision of the destiny by means of manner of manner of speaking ideologies and leading thru example. This management has an inclination to beautify the group’s morale and motivates the team people (Stewart, 2006). The study performed by Howell and Avolio (1993) concluded that the extent of transformational management (air of mystery, highbrow stimulation, and man or woman hobby) in a department supervisor had a proper away impact on the industrial business organization unit’s typical ordinary overall performance.
2.3.3 Bureaucratic Leadership and Firm Performance

Bureaucratic management is wherein the manager manages by means of the book the whole thing have to be accomplished in keeping with technique or coverage. If it is not protected with the aid of the e-book, the supervisor refers to the following stage above her or him (Blanchard, 2008). This manager is clearly greater of a police officer than a frontrunner. She or he enforces the policies. This style of management follows a near set of requirements. The whole thing is finished in a real, unique way to make certain protection and/or accurateness.

This style may be effective whilst personnel are acting ordinary obligations again and again, employees want to recognize sure values or approaches; workforce is operating with risky or delicate system that requires a definite set of techniques to operate, protection or protection education is being carried out and while personnel are acting duties that require coping with cash. this fashion is useless while employees form work conduct which can be hard to interrupt, if specifically the managers are no longer beneficial, personnel lose their hobby of their jobs and in their fellow workers and whilst employees do most effective what's expected of them and no more (Gastil, 2012).

Bureaucratic leaders create, and depend on, coverage to satisfy organizational desires. Guidelines force execution, technique, targets and effects. Bureaucratic leaders are typically strongly committed to techniques and strategies in place of humans, and as a stop result they'll appear aloof and quite alternate damaging. The particular problem or troubles associated with the use of guidelines to persuade aren't constantly obvious until the harm is executed. The danger here is that control’s greatest advantages, motivating and developing people, are disregarded thru bureaucratic leaders (Michael, 2010). This management fashion is suitable for work associated with essential safety dangers or with big sums of coins at the side of Saccos or when dealing with personnel who carry out ordinary responsibilities. This style is less powerful in corporations and organizations that depend upon flexibility, creativity, or innovation.
2.3.4 Democratic Leadership and Organizational Performance

The democratic leadership style is likewise referred to as the participative style because it encourages employees to be a part of the selection making (Gastil, 2012). The democratic manager keeps his or her employees knowledgeable about the entirety that affects their paintings and stocks choice making and hassle solving duties. This fashion calls for the leader to be a trainer who has the final say, but gathers facts from personnel humans earlier than you make a decision. Democratic management can produce excessive first-class and immoderate quantity work for lengthy intervals of time. Many employees preserve in mind they gain and respond with cooperation, group spirit, and excessive morale. Generally the democratic leader develops plans to help personnel evaluate their very own overall performance, lets in personnel to establish goals, encourages employees to broaden on the method and be promoted, acknowledges and encourages achievement.

Just like the other styles, the democratic fashion is not always normally suitable. It’s most a success even as used with in particular skilled or professional employees or while imposing operational changes or resolving man or woman or organization problems (Leban, 2014). The democratic control style is most effective when the leader wants to keep personnel knowledgeable about subjects that have an effect on them, the leader desires employees to share in desire-making and problem-fixing responsibilities, and at the same time as the leader desires to offer possibilities for personnel to enhance a high feel of private growth and technique pride. It is also powerful while there may be a big or complicated problem that requires plenty of enter to clear up, modifications should be made or issues solved that have an effect on employees or organizations of employee and whilst one desires to encourage group building and participation (Aronson, 2011). Democratic management must no longer be used while there is no sufficient time to get every person’s input, it’s easier and additional cost-effective for the supervisor to make the selection, the manager feels threatened through manner of this sort of leadership and while worker safety is a vital venture.
Tannenbanum and Schmidt (1958) describe democratic leadership as one in which selection-making is decentralized and collectively communicated by means of manner of subordinates. The ability for bad choice-making and weak execution is, but, considerable right here. The most important problem with democratic management is its fundamental postulation that everyone has a same stake in a final result in addition to shared stages of information with reference to selections. This is rarely the case. Even as democratic management sounds precise in idea, it frequently is slowed down in its own slow system, and plausible outcomes normally necessitate a massive quantity of endeavour.

2.4 Summary Literature Review

The foregoing literature survey has characterized the demanding situations facing management have a full-size have an impact on the overall performance of business bank. Ismail et al. (2010) mentioned the financial trade agreement this is the idea of transactional leadership and its manifestation through contingent rewards and energetic and passive control via exception methods. The study carried out by Howell and Avolio (1993) concluded that the extent of transformational management (air of secrecy, scholarly inspiration, and character deliberation) in a department manager had a right away impact at the commercial enterprise unit’s performance.
### Table 2:1 Summary of Previous Studies and Knowledge Gaps

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Focus of the Study</th>
<th>Findings</th>
<th>Research gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hargis, Wyatt and Piotrowski</td>
<td>2010</td>
<td>Influence of leadership styles on the performance of Banks. Banks listed in Kuwait</td>
<td>leaders attain their assignment via articulating desires and goals really, and offering rewards for goal achievement</td>
<td>Focused on transactional style</td>
</tr>
<tr>
<td>Bass and Avolio</td>
<td>1993</td>
<td>Relationship between leadership styles on the performance in the energy sector in South Africa.</td>
<td>leaders relate to followers thru a social trade procedure that allows you to behavior collectively useful transactions.</td>
<td>Focused on transactional and transformational styles</td>
</tr>
<tr>
<td>Ismael</td>
<td>2010</td>
<td>Impact of leadership styles on the performance of Banks in Angola.</td>
<td>Leadership behaviours contribute to effective leadership.</td>
<td>Focused on transformation leadership style</td>
</tr>
<tr>
<td>Antonakis</td>
<td>2003</td>
<td>Effect of leadership styles on the performance of Banks in Algeria.</td>
<td>Influence exists where the leader is powerful and charismatic</td>
<td>Focused on transactional and transformational styles</td>
</tr>
<tr>
<td>Stewart</td>
<td>2006</td>
<td>Influence of leadership styles on the performance of Private sector in Kistan.</td>
<td>management tends to enhance the team's morale and motivates the team members</td>
<td>Focused on transformational leadership</td>
</tr>
<tr>
<td>Koech</td>
<td>2012</td>
<td>‘Effect of Leadership Styles on Organizational Performance at State Corporations in Kenya’</td>
<td>Leadership as strategy to be competitive in influencing organisation performance</td>
<td>Focused on authoritative and transformational styles</td>
</tr>
</tbody>
</table>

*Source: Researcher, (2017)*
In accordance Antonakis et al. (2003) explained that idealized affect exists in which the leader is powerful and charismatic, and the moves of the chief display a feel of task and adherence to values Hargis et al. (2011) depicted idealized impact because the representation of management behaviours geared toward influencing follower perceptions of the chief. Hargis et al. argued that idealized affect facilitates reputation of the leader as a effective and confident agent on a assignment to acquire organizational goals. Fooman et al. (2012) described idealized influence as a frontrunner’s potential to articulate a collective imaginative and prescient and promote morally uplifting values among followers.

Hargis et al. (2011) concluded that transactional management behaviours make contributions to powerful management due to the fact transactional leaders examine and manipulate transactions with followers the usage of regulations, incentives, and instructions. Zagoršek et al. (2009) cited that transactional leaders clarify roles and furnish material and psychological rewards contingent on the release of contractual duties. Avolio et al. (1999) mounted the crucial position of transactional, contingent praise management in structuring expectancies with fans and developing trust by means of honouring contracts continuously. To this give up, Zagoršek et al. (2009) concluded that transactional leadership enables the paintings of transformational management by using organising consistency and reliability in leadership behaviour. However, a more direct relationship between the profitability of the Saccos and their leadership in their banking activities has not been explored especially in the local Saccos and, thus, provides rationale for the present study.
2.5 Conceptual Framework
Independent Variables

Leadership styles

Transactional leadership style
- Supervision
- Group performance
- Rewards and punishment

Transformational leadership style
- Working with subordinates
- Creating a vision
- Executing the change
- Motivation and morale

Bureaucratic leadership style
- Following normative rules
- Observing lines of authority
- Administrative policy-making group
- Ability to judge

Democratic leadership style
- Free exchange of ideas
- Discussion
- Opportunity to participate
- Legal equality

Dependent Variable

Firm Performance
- Customer satisfaction
- Corporate Image
- Employee development

Figure 2:1: Conceptual Framework

Source: Researcher (2017)
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises of the research design, target population, sampling and sample size, data collection instruments, pilot study, data collection procedure, data analysis and ethical consideration.

3.2 Research Design

The study utilized descriptive research design in the system of figuring out the findings with regards to the connection linking leadership styles and performance of the Sacco’s in Kenya in which Sacco’s in Kirinyaga County changed into the context of focus. According to Cooper and Schindler (2006), a descriptive study is based on determining the what, wherein and the manner of an event.

Descriptive research design was selected as it permits the researcher to generalize the findings to a bigger populace. The purpose of descriptive research is to build up information at a point in time and use it to provide an explanation for the situations. The underlining concept is to select several targeted times wherein an extensive evaluation recognized the viable alternatives for solving the study’s questions about the premise of the triumphing answer implemented within the decided on case study. The study attempted to describe and outline a subject, often through developing a profile of organization challenges (Cooper and Schindler, 2003). The study attempts to describe and define a topic, often with the aid of creating a profile of institution of issues. Thus, Sacco’s in Kenya was the focus of the study which provided a accepted situation on which facts were obtained.

3.3 Target Population

Population is the combination of all that conforms to a given specification (Cooper and Schindler, 2003). In this study, the target population composed of all employees of the four Sacco’s(Appendix II) registered and regulated by SASRA SACCO society regulatory authority (SASRA) (SACCO society act 2008) in Kirinyaga County.
Respondents were employees at management level of all the four Saccos in Kirinyaga County.

**Table 3:1 Target Population**

<table>
<thead>
<tr>
<th>SACCOs</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fortune Sacco</td>
<td>100</td>
</tr>
<tr>
<td>Lainisha Sacco</td>
<td>75</td>
</tr>
<tr>
<td>Ollin Sacco</td>
<td>70</td>
</tr>
<tr>
<td>Bingwa Sacco</td>
<td>58</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>303</strong></td>
</tr>
</tbody>
</table>

Source: SASRA (2017)

3.4 Sample Design

A sample of 30% of the complete population was substantial for the study to attract conclusions and hints (Mugenda, 2003). According to Oso and Onen (2005) stratified random sampling ensures inclusion, increase statistically efficiency, within the pattern, of subgroup, which in any other case might be not noted absolutely by using different sampling method. Therefore a sample of 92 employees was selected using stratified random sampling technique.

**Table 3:1 Sample Design**

<table>
<thead>
<tr>
<th>SACCOs</th>
<th>Number of Employee</th>
<th>Sample number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fortune Sacco</td>
<td>100</td>
<td>30</td>
</tr>
<tr>
<td>Lainisha Sacco</td>
<td>75</td>
<td>23</td>
</tr>
<tr>
<td>Ollin Sacco</td>
<td>70</td>
<td>21</td>
</tr>
<tr>
<td>Bingwa Sacco</td>
<td>58</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>303</strong></td>
<td><strong>92</strong></td>
</tr>
</tbody>
</table>

3.5 Data Collection, Procedures and Instruments

The study used a questionnaire which had each open and closed-ended question. The closed ended questions have been used to test the rating of numerous attributes and this helped in lowering the kind of related responses which will gain extra varied responses.
The open-ended questions supplied greater data that could not have been captured within the open-ended questions. The questionnaire were cautiously designed and tested with a few contributors of the populace for further enhancements. This was done so that it would decorate its validity and accuracy of facts accumulated for the study.

Secondary facts were additionally gathered for this study. This information was useful for generating additional statistics for the study from already documented information or to be had reports. Cooper and Schindler (2006) in addition provide an explanation for that secondary statistics is a useful quantitative approach for comparing historic or contemporary personal or public information, reviews, authorities files and evaluations. Mugenda and Mugenda (2003) add that, numerical information can also be considered a sub category of files and that such report include figures, reports and budgets. This essentially implies the incorporation of valuable statistical information in the study.

3.6 Validity and Reliability

3.6.1 Reliability

Cronbach’s Alpha was applied to determine the co-efficient of internal consistency and therefore reliability of the instrument. So as to check reliability of the results, study used Cronbach’s alpha methodology, which was primarily based on inner consistency. Cronbach’s alpha measures the average of measurable items and its correlation. SPSS software was used to confirm the reliability of obtained data. Overall scales’ reliability of the present situation and the desirable situation was tested by Cronbach’s alpha, which should be above the acceptable level of 0.70 (Hair et al., 1998). Alpha above the value of 0.7 was considered acceptable (George & Mallery, 2003). This is examined by the test-retest method and pilot test.

3.6.2 Validity

Validity is a degree of the extent to which records obtained from the tool as it should be and meaningfully represents the theoretical concept and mainly how the report represents the variables. In which validity has been installed, any inferences made from such statistics may be accurate and significant (Mugenda & Mugenda, 2003). The
validity of the study increases by using diverse assets of proof (Kothari, 2003). The variables of the study were operationalized to reflect the theoretical assumptions that underpinned the conceptual framework for the study. Content material validity ensured by way of the questionnaire getting examined by means of subjecting it to double check through professionals. This additionally ensured that the questionnaire covered all regions on transaction leadership, transformation management, democratic management, bureaucratic management and performance.

3.7 Reliability and Validity Test

A pilot study was conducted to find if the respondents could be able to answer the questions with ease. The data collection instrument was subjected to an examination by supervisor who reviewed the instrument to ascertain its validity. Respondents in the pre-test were drawn from four Sacco’s. The research instrument was modified on the basis of the pilot test before administering it to the study respondents for clarity purpose. For reliability analysis Cronbach’s alpha was calculated using SPSS.

Table 3:1 shows the reliability and validity results for the data analyzed for the study.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional Leadership</td>
<td>0.798</td>
<td>4</td>
</tr>
<tr>
<td>Transformational Leadership</td>
<td>0.774</td>
<td>3</td>
</tr>
<tr>
<td>Bureaucratic leadership</td>
<td>0.765</td>
<td>3</td>
</tr>
<tr>
<td>Democratic leadership</td>
<td>0.707</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Researcher, (2017)

Since the alpha coefficients were all greater than 0.7 in the pilot test (Table 3.3), a conclusion was drawn that the instruments had an acceptable reliability coefficient and were appropriate for the study. The variables in the study were operationalized to reflect the theoretical assumptions that underpinned the conceptual framework for the study.
Table 3:2 Construct validity

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>OPERATIONALIZATION OF VARIABLES</th>
<th>MEASURE</th>
<th>SECTION NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformational Leadership Style</td>
<td>Visionary and inspiring leader with ability to motivate employees</td>
<td>5 Point Likert type Scale</td>
<td>Appendix V Part B</td>
</tr>
<tr>
<td>Transactional Leadership Style</td>
<td>Contractual relationship between the leader and employees</td>
<td>5 Point Likert type Scale</td>
<td>Appendix V Part B</td>
</tr>
<tr>
<td>Bureaucratic leadership style</td>
<td>Giving order from authority</td>
<td>5 Point Likert type Scale</td>
<td>Appendix V Part B</td>
</tr>
<tr>
<td>Democratic Leadership style</td>
<td>Giving space for participation</td>
<td>5 Point Likert type Scale</td>
<td>Appendix V Part B</td>
</tr>
<tr>
<td>Performance</td>
<td>Customer satisfaction Improvement of professionalism due to training of employee</td>
<td>5 Point Likert type Scale</td>
<td>Appendix V Part C</td>
</tr>
</tbody>
</table>

Source: Researcher, (2017)

3.8 Data Analysis

Data was analysed with the use of descriptive facts including mean, median and mode. The technique used to analyse the data was both qualitative and quantitative analysis so that you can recognize the relationship between the variables. The quantitative facts were analysed using simple descriptive statistics including probabilities. This was accomplished with the assist of Statistical Package for Social Sciences (SPSS) version 19. Because the study involved in-depth evaluation of opinion content material analysis became extensively utilized. The analysed records was offered with the usage of frequency tables. Quantitative statistics was coded, examined, classified, tabulated and interpreted.
A regression version was used to check the impact of leadership style on performance of Sacco’s. This helped to assess and recognize the relationships between the established and impartial variables of the study. Multiple linear regressions was employed as it uses two or more independent variables to predict the outcome. The general form of multiple Regression: 
\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \]

Where; Y = Performance of Sacco’s

X1 = Transactional leadership style

X2 = Transformational leadership style

X3 = Bureaucratic leadership style

X4 = Democratic leadership style

\( \beta_0 \) = Constant Term;

\( \beta_1, \beta_2, \beta_3, \beta_4 \) = Beta coefficients; \( \varepsilon \) = Error Term.

### 3.9 Ethical considerations

The study ensured that information obtained was kept confidential. The questionnaires did not bear the names of the respondents. The purpose of the study was explained to the respondent and they were given discretion to participate in the study. All the respect due was accorded to the respondents during the data collection process. The respondents were informed that the findings of the study would be shared to them if they wish to.
CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

This chapter contains the analysis and presentation of the data according to research questionnaire. It constitutes both the quantitative and the qualitative data analysis.

4.2 Response Rate

Berg (2014) states that response rate of 70 per cent and above is good. Out of all the 92 questionnaires administered, 90 were returned fully answered and fit for analysis, representing a response rate of 97.83%. The study therefore had an outstanding response rate as presented in Table 4.1.

Table 4:1 Response Rate

<table>
<thead>
<tr>
<th>SACCOs Name(s)</th>
<th>Sample</th>
<th>Response</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fortune Sacco</td>
<td>30</td>
<td>30</td>
<td>33.33</td>
</tr>
<tr>
<td>Lainisha Sacco</td>
<td>23</td>
<td>22</td>
<td>24.45</td>
</tr>
<tr>
<td>Ollin Sacco</td>
<td>21</td>
<td>20</td>
<td>22.22</td>
</tr>
<tr>
<td>Bingwa Sacco</td>
<td>18</td>
<td>18</td>
<td>20.00</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>90</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Researcher, (2017)

4.3 General information

The background information about respondent is given which include: age, gender and their academic qualification

4.3.1 Age of the Respondents

Findings were that 13 of the respondents were below 25 years of age, 31 aged 25 to 30 years, 22 aged 31 to 35 years, 14 aged 36 to 40 years while 6 aged 41 to 45 years. The smallest population of 4 respondent were 46 years and above. This indicates that
majority of the respondents were young people of age 25-30 years of age, being grown up people and able to make informed judgements. Importantly they represented a youthful workforce that promoted human resource productivity in furtherance of organizational performance. This is presented in figure 4.1.

Figure 4:1 Age of the Respondents
Source: Researcher, (2017)

4.3.2 Gender of the Respondents

The findings were as indicated in figure 4.2; 58.89% of the employees among the selected Saccos were of masculine gender while 41.11% of them were female. This indicates a fair representation of both gender, thus adhering to research study ethics, reduced biased results based on gender and conform to Kenya constitution (2010) which requires one third gender rule.
Figure 4.1 Gender Distribution of the Respondents

4.3.3 Academic Qualification of Respondents

Table 4:1 Academic Qualification of the Respondents

<table>
<thead>
<tr>
<th>Academic qualification</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate/ Diploma</td>
<td>38</td>
<td>42.22</td>
</tr>
<tr>
<td>Higher Diploma</td>
<td>15</td>
<td>16.67</td>
</tr>
<tr>
<td>Bachelor</td>
<td>26</td>
<td>28.89</td>
</tr>
<tr>
<td>Master</td>
<td>09</td>
<td>10.00</td>
</tr>
<tr>
<td>PhD</td>
<td>02</td>
<td>2.22</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Researcher, 2017

From table 4.2, 42.22% of the employees among the Sacco’s have either a certificate or Diploma qualification while 16.67% had a higher diploma. 28.89% of them had a Bachelor’s degree, 10% had a Master’s degree while only 2.22% had a PhD who were mainly at top management. This indicates that majority of the employees had attained tertiary academic qualifications and likely to offer better services based on acquired skills in the Sacco’s. Important for the study, their academic achievements enabled them to present objective observations. Furthermore they doesn’t demand for more pay hence organisations wage bill is not ballooning because of high academic qualification demand high pay.
4.4 Organisation Bio-Data

This entails the background information regarding the Sacco’s as analysed by respondents.

4.4.1 Sacco Category

The study sought to find out the category to which their Sacco lay ranging from locally owned to foreign owned or both. The research had the following findings;

![Sacco Ownership](image)

**Figure 4:1 Ownership Structure of Sacco’s**

*Source: Researcher, 2017*

From the figure 4.3, it is evident that all the selected Saccos were locally owned at 100%. None of them was either foreign owned or had both local and foreign owned status. Thus, aspects of leadership could easily be articulated by the respondents from a knowledge point of view.

4.4.2 Sacco’s Scope of Operations

The study sought to find out the scope of operations of the 4 selected Saccos in terms of geographical coverage and operations.
Figure 4.1 Operations scope of the Selected Sacco’s in Kirinyaga County

Source: Researcher, 2017

From figure 4.4, it is clear that 90% of the 4 Sacco’s limited their scope of operations to local while only 10% had a regional touch usually through the affiliation. This indicates that most Sacco’s have not spread their coverage to regional, continental nor to global level possibly due to their financial ability and stage in growth.

4.4.3 Services provided by the Sacco’s

The author sought to establish the kind of services provided by the Sacco’s selected in Kirinyaga County, Kenya. It was realized that all the Sacco’s provided general banking services and loan products while a small percentage of 20% extended mortgage services to their clients, with only 10% of them provided forex and money transfer services. No other services were provided by the financial sector players in question as indicated in figure 4.5.
4.5 Leadership Styles

The study sought to establish the leadership styles employed across the 4 selected SACCOs in Kirinyaga County. A set of questions were used to help the respondents to give feelings or perceptions of the leadership style of their immediate supervisors.

4.5.1 Transactional Leadership and Performance of Sacco’s

The study sought to establish the influence of transactional leadership on the performance of Sacco’s through the aspects of supervisors’ leadership and relations with the staff. Explanation and interpretation of the findings regarding the expected relationships between transactional leadership factors on performance of Sacco’s are as indicated in Table 4.3.

Figure 4:1 Range of Services Provided by SACCOs in Kirinyaga County

Source: Researcher, 2017
Table 4:1 Transactional Leadership and Performance of Sacco’s

<table>
<thead>
<tr>
<th>TRANSACTIONAL LEADERSHIP</th>
<th>Mean</th>
<th>Std. Error</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisors inform others what to do when they want to be rewarded for their paintings</td>
<td>4.0588</td>
<td>.17389</td>
<td>1.43394</td>
</tr>
<tr>
<td>Supervisor provides reputation/rewards whilst others attain their goals.</td>
<td>4.0441</td>
<td>.17584</td>
<td>1.45000</td>
</tr>
<tr>
<td>Supervisor calls interest to what others can get for what they achieve.</td>
<td>4.0441</td>
<td>.17584</td>
<td>1.45000</td>
</tr>
<tr>
<td>Supervisor is always satisfied while others meet agreed-upon requirements</td>
<td>4.6176</td>
<td>.11093</td>
<td>.91471</td>
</tr>
<tr>
<td>As long as matters had been operating, supervisors do no longer try to alternate something</td>
<td>4.5000</td>
<td>.11944</td>
<td>.98496</td>
</tr>
<tr>
<td>Supervisor tells staff the standards needed to carry out our work</td>
<td>4.3088</td>
<td>.13458</td>
<td>1.10976</td>
</tr>
</tbody>
</table>

Source: Researcher, 2017

As shown in Table 4.3, the fact that supervisors were always satisfied when others met agreed upon standards was rated highest with a mean score of 4.62, followed by the aspect that As long as matters had been operating, supervisors do no longer try to alternate something, with a mean score of 4.50. The fact that the supervisor tells the staff the requirements they needed to realize to perform our work and a mean score of 4.31.Conversely, respondents negated the fact that supervisor provided reputation/rewards whilst others attain their goals., and that calls interest to what others can get for what they achieve (mean 4.04).

4.5.2 Transformational Leadership and Performance of Sacco’s

The study sought to establish the influence of transformational leadership on the performance of Sacco’s Aspects measure revolved on supervisory guidance and
relations with the staff. Explanation and interpretation of the findings regarding the expected relationships between transformational leadership factors on performance of Sacco’s are as indicated in Table 4.4.

Table 4:1 Transformational Leadership and Performance of Sacco’s

<table>
<thead>
<tr>
<th>Transformational Leadership</th>
<th>Mean</th>
<th>Std. Error</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor made others feel good to be around him / her</td>
<td>4.1176</td>
<td>.11093</td>
<td>1.21471</td>
</tr>
<tr>
<td>Staff have complete faith in my supervisor</td>
<td>4.5000</td>
<td>.11944</td>
<td>.98496</td>
</tr>
<tr>
<td>Staff are proud to be associated with my supervisor</td>
<td>4.3088</td>
<td>.13458</td>
<td>1.10976</td>
</tr>
<tr>
<td>Supervisor expressed in a few simple words what we could and should do</td>
<td>4.0441</td>
<td>.17584</td>
<td>1.45000</td>
</tr>
<tr>
<td>Supervisor provided appealing images about what we can do</td>
<td>4.6912</td>
<td>.08448</td>
<td>.69663</td>
</tr>
<tr>
<td>Supervisor helped staff find meaning in my work</td>
<td>4.3676</td>
<td>.13563</td>
<td>1.11843</td>
</tr>
<tr>
<td>Supervisor enabled others to reflect on consideration on vintage troubles in new approaches</td>
<td>4.5082</td>
<td>.11216</td>
<td>.97562</td>
</tr>
<tr>
<td>Supervisor supplied others with new methods of searching at puzzling things.</td>
<td>4.5576</td>
<td>.11033</td>
<td>.90115</td>
</tr>
<tr>
<td>Manager got others to reconsider thoughts that they had in no way puzzled before</td>
<td>4.0721</td>
<td>.17348</td>
<td>1.26579</td>
</tr>
<tr>
<td>Supervisor helped others develop themselves</td>
<td>4.0073</td>
<td>.18003</td>
<td>1.28970</td>
</tr>
<tr>
<td>Supervisor let others know how he /she does things</td>
<td>4.0312</td>
<td>.18226</td>
<td>1.27989</td>
</tr>
<tr>
<td>Supervisor gave personal attention to others who feel rejected.</td>
<td>4.0012</td>
<td>.19897</td>
<td>1.31103</td>
</tr>
</tbody>
</table>

Source: Researcher, 2017

As shown in Table 4.4, SACCO with transformational leadership had supervisors that provide appealing images about what the staff do with a mean score of 4.69, further respondents cited duties and roles of staff were clearly outlined clear separation of
duties had a mean score of 4.50, supervisor providing others with new ways of looking at puzzling things (mean 4.56) and supervisor enabling others to think about old problems in new ways, (mean 4.51). Respondents disagreed that the supervisor gave personal attention to others who feel rejected (4.00) and that the supervisor let others know how he/she does things, (4.03). It thus showed disengagement of personal development of the staff by the supervisors, a factor that may lead to inefficiencies and poor outputs in Saccos. The supervisors in transformational leadership were appreciated by the staff, and the fact that the staffs have complete faith in my supervisor attained a mean score of 4.50

**4.5.3 Bureaucratic Leadership and Performance of Sacco’s**

The study sought to establish the influence of bureaucratic leadership on the performance of Sacco’s with the aspects of supervisors’ leadership and relations with staff. Explanation and interpretation of the findings regarding the expected relationships between transactional leadership factors on performance of Sacco’s are entailed.

**Table 4:1 Bureaucratic Leadership Style and Performance Sacco’s**

<table>
<thead>
<tr>
<th>Bureaucratic Leadership</th>
<th>Mean</th>
<th>Std. Error</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor believed personnel want to be supervised intently they are now not possibly to do their work.</td>
<td>4.6912</td>
<td>.08448</td>
<td>.69663</td>
</tr>
<tr>
<td>Normally, supervisor believed that personnel should take delivery of rewards or punishments with a view to inspire them to acquire organizational targets</td>
<td>4.6997</td>
<td>.08414</td>
<td>.67775</td>
</tr>
<tr>
<td>Group of workers felt insecure about my work and want course.</td>
<td>4.6998</td>
<td>.08415</td>
<td>.67776</td>
</tr>
<tr>
<td>Manager became the leader choose of the achievements of employees.</td>
<td>4.6941</td>
<td>.08407</td>
<td>.67500</td>
</tr>
<tr>
<td>Supervisor gave orders and clarifies procedures</td>
<td>4.6989</td>
<td>.08412</td>
<td>.66509</td>
</tr>
<tr>
<td>Supervisor believed that most employees in the general population are lazy</td>
<td>4.6914</td>
<td>.08449</td>
<td>.67100</td>
</tr>
</tbody>
</table>

*Source: Researcher, 2017*
As shown in Table 4.5, SACCO bureaucratic leadership supervisors believed personnel want to be supervised closely they are no longer possibly to do their work with a mean score of 4.69, and also that frequently, the supervisor believes that personnel ought to take delivery of rewards or punishments as a way to motivate them to gain organizational (mean 4.7). It was also established that respondents sense insecure about their work and need course (mean 4.7), the manager was the chief judge of the achievements of employees (mean 4.7), supervisor gives instructions and clarifies the measures (mean 4.7) and that the manager believes that maximum personnel in the trendy populace are lazy (mean 4.7).

4.5.4 Democratic Leadership and Performance of Sacco’s

The study looked into democratic leadership aspects of supervisors and relations with staff and how this impacted on the performance of Sacco’s. The explanation and interpretation of the findings regarding the expected relationships between democratic leadership factors on performance of Sacco’s? Results are shown in table 4.6.

Table 4:1 Democratic Leadership and Performance of Sacco’s

<table>
<thead>
<tr>
<th>Democratic Leadership</th>
<th>Mean</th>
<th>Std. Error</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Complex Situations Supervisor Discussed With Team Before Decisions Making</td>
<td>4.644</td>
<td>.11893</td>
<td>.91471</td>
</tr>
<tr>
<td>Supervisor Gave Opportunity Of Free Exchange Of Ideas.</td>
<td>4.622</td>
<td>.11944</td>
<td>.93496</td>
</tr>
<tr>
<td>As A Rule, The Supervisor Allowed Each Idea Given Consideration.</td>
<td>4.689</td>
<td>.13458</td>
<td>.90376</td>
</tr>
<tr>
<td>Supervisor Gave Me Complete Opportunity Of Participation In Decision Making.</td>
<td>4.631</td>
<td>.13297</td>
<td>0.91103</td>
</tr>
</tbody>
</table>

Source: Researcher, 2017

As shown in Table 4.6, SACCO democratic leadership supervisors as a rule allowed each idea given consideration with a mean score of 4.69, and also that, in complex situations the supervisor discussed with team before decisions making (mean 4.64). It was also established that the supervisor gave staff complete opportunity of
participation in decision making, (mean 4.63) and the supervisor gave opportunity of free exchange of ideas

4.6 Sacco’s Performance

The researcher sought to establish the level of performance of the selected SACCOs in Kirinyaga County, Kenya. Organisation performance can be measured along various indicators; therefore the respondents were to rate the extent to which their organisations achieved improvement along the performance indicators enumerated in Table 4.7 below.

Table 4:1 Performance of the Selected Sacco’s

<table>
<thead>
<tr>
<th>Performance Indicators</th>
<th>Mean</th>
<th>Std. Error</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of internal processes for increased efficiency</td>
<td>4.6176</td>
<td>.11093</td>
<td>.91471</td>
</tr>
<tr>
<td>The employee turnover has reduced due to satisfaction</td>
<td>4.6912</td>
<td>.08448</td>
<td>.69663</td>
</tr>
<tr>
<td>Customer loyalty has increased due to satisfaction</td>
<td>4.3676</td>
<td>.13563</td>
<td>1.11843</td>
</tr>
<tr>
<td>Brand recognition in the market has improved</td>
<td>4.6941</td>
<td>.08407</td>
<td>0.67500</td>
</tr>
<tr>
<td>Improvement of professionalism due to training of employees</td>
<td>4.6941</td>
<td>.08407</td>
<td>0.67500</td>
</tr>
<tr>
<td>Growth of employees in terms of career and education advancement</td>
<td>4.6912</td>
<td>.08448</td>
<td>.69663</td>
</tr>
<tr>
<td>Increased engagement with the public through open days</td>
<td>4.3676</td>
<td>.13563</td>
<td>1.11843</td>
</tr>
</tbody>
</table>

Source: Researcher, 2017

From table 4.7 the Sacco’s have not improved internal processes for increased efficiency according to 52 respondents (mean 6.62), they are experiencing high employee turnover due to low satisfaction of employees (mean 4.69), though customer loyalty has improved as indicated (4.36). The brand recognition has not improved; professionalism has not been enhanced via training similarly growth of employees through career development and education has not been implemented. The Sacco’s were not significantly engaging the public in their operations. All this indicates that the SACCOs are not performing well. As indicated by Wafubwa (2013) in his study.
leadership was a factor influencing the performance of Commercial Banks, other players in the banking industry.

4.7 Test of Hypothesis

Ordinal regression was used and the results of the regression analysis.

4.7.1 Transactional Leadership Style and Performance

H1: There is a significant relationship between transactional leadership and performance

Table 4:1 Multiple Regression Model Summary for Transactional leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.912a</td>
<td>.356</td>
<td>.663</td>
<td>.1026780</td>
</tr>
</tbody>
</table>

  a. Predictors: (Constant), transactional leadership

The model summary in Table 4.8 shows the R value was 0.912 demonstrating that there is positive association linking transactional leadership and performance in Sacco’s. The R squared (R²) value of 0.356 shows that 35.6 percent of performance in Sacco’s is shown by transactional leadership factors considered under this study. The remaining 64.4 percent is explained by other factors not put into consideration in this study.

Table 4:2 ANOVA for Internal Controls

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression Residual</td>
<td>37.171</td>
<td>4</td>
<td>9.293</td>
<td>8.699</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>67.300</td>
<td>63</td>
<td>1.068</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>104.471</td>
<td>67</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher, 2017
The results of Table 4:9 ANOVA revealed that the entire model was significant with the F ratio = 8.699 at p value 0.000 < 0.05. This is an indication that the model can be relied upon.

**Table 4:3 Regression Coefficients of Transactional Leadership**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.341</td>
<td>1.332</td>
<td>1.62</td>
<td>.000</td>
</tr>
<tr>
<td>Transactional Leadership</td>
<td>.301</td>
<td>.2114</td>
<td>.213</td>
<td>2.825</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

**Source: Researcher, 2017**

Transactional leadership had positive significant effect on performance of SACCOs in Kirinyaga County with $\beta = 0.301$ at p value 0.024 as in Table 4.10 which is less than 0.05. The bivariate model for the transformational leadership is in the form of:-

$$P = 1.34 + 0.301(TL) + e.$$ : TL – transactional leadership

The study results showed that the supervisors did not provide information for staff motivation in their work related activities. The supervisors were satisfied with what the workers did and did not provide targets for rewards, and thus transactional leadership did positively influence Sacco performance. The findings support earlier studies by Hargis et al. (2011) who noted that transactional leaders achieve their assignment by way of articulating desires and objectives certainly, and offering rewards for aim fulfilment. This is also indicated by Humphreys (2002), the transactional leadership fulfils employees’ needs of rewards where targets are met. Therefore SACCO management should ensure that there are effective policies for staff motivation through
their transactions in furtherance of financial performance. Michael (2010) also indicates that transactional leadership ignore motivating and developing employees.

4.7.2 Transformational Leadership Style and Performance

**H2: There is a significant relationship between transformational leadership style and performance**

Table 4:1 Multiple Regression Model Summary for Transformational leadership

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.654a</td>
<td>.441</td>
<td>.432</td>
<td>.1136</td>
</tr>
</tbody>
</table>

D. Predictors: (Constant), transformational leadership

*Source: Researcher, 2017*

The model summary in Table 4.1 shows the R value was 0.654 indicating that there is a positive relationship between transformational leadership and performance in SACCOs. The R squared (R²) value of 0.441 shows that 44.1 percent of performance in SACCOs is explained by transactional leadership factors considered under this study. The remaining 55.9 percent is explained by other factors not put into consideration in this study.

Table 4:2 ANOVA for Internal Controls

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>35.222</td>
<td>4</td>
<td>9.110</td>
<td>7.86</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>56.214</td>
<td>51</td>
<td>.9456</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>91.436</td>
<td>55</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Researcher, 2017*

The results of Table 4:12 ANOVA revealed that the entire model was significant with the F ratio = 7.867 at p value 0.000 < 0.05. This is an indication that the model can be relied upon.
Table 4.3 Regression Coefficients of Transformational Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.34</td>
<td>1.332</td>
<td>1.62</td>
<td>.000</td>
</tr>
<tr>
<td>Transformational</td>
<td>.321</td>
<td>.272</td>
<td>.211</td>
<td>3.17</td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance

*Source: Researcher, 2017*

Transformational leadership had positive and significant effect on performance of SACCOs in Kirinyaga County with $\beta = 0.3211$ at p value 0.025 which is less than 0.05 as in Table 4.13. The bivariate model for the transformational leadership is in the form of:

$$P = 1.34 + 0.3211(TL) + e.$$  
: TL – transformational leadership

These results show that transformational leaders in Sacco’s created value for the staff and enhanced working relationships across the board. Ismail et al. (2010) established that transformational leaders articulate organizational vision, demonstrate awareness of employee needs, develop follower creative abilities, and provide resources for intellectual capacity development but Charbonnier-Voirin *et al.* (2010) noted that transformational leaders employ the four components of transformational leadership to invite followers to expand their individual capacities and utilize available resources to contribute to the mission of the firm. The findings show that transformational leadership can significantly enhance staff motivation and positively contribute to higher/better performance in the Sacco’s. Azka et al. (2011) indicate the type of leadership style motivates the workers to be communicative and flexible to new and enhanced practices and environmental changes. However, Leonard (2006) indicate that transformational leadership style has major challenges of not promoting employment
equity since the employees don’t not have equal abilities and academic standards. Similarly, Smith (2015) indicated that implementing a transformational leadership issues in an organization is challenging since employee disparity and diversity is high. Wart (2015) also criticizes the transformational leadership style as time consuming and expensive since it drives the transformative agenda across the organization and needs to bring every employee on-board.

4.7.3 Bureaucratic leadership Style and performance

H3: There is a significant relationship between Bureaucraticleadership Style and performance

Table 4:1 Multiple Regression Model Summary for Bureaucratic leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.474a</td>
<td>.562</td>
<td>.497</td>
<td>.2476</td>
</tr>
</tbody>
</table>

The model summary in Table 4.14 shows the R value was 0.474 indicating that there is a stronger positive relationship between bureaucratic leadership and performance in SACCOs. The R squared (R^2) value of 0.562 shows that 56.2 per cent of performance in SACCOs is explained by bureaucratic leadership factors considered under this study. The remaining 43.8 percent is explained by other factors not put into consideration in this study.

Table 4:2 ANOVA for Bureaucratic Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>.554</td>
<td>4</td>
<td>9.110</td>
<td>5.49</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>28.476</td>
<td>23</td>
<td>.3451</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>29.03</td>
<td>27</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The results of Table 4.15 ANOVA revealed that the entire model was significant with the F ratio = 5.493 at p value 0.000 < 0.05. This is an indication that the model can be relied upon.

**Table 4.3 Regression Coefficients of Bureaucratic Leadership**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B Std. Error Beta</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.341 1.332</td>
<td>1.62 .000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureaucratic Leadership</td>
<td>.3814 .293 .223</td>
<td>3.66 .04</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

D. Dependent Variable: performance

Bureaucratic leadership had weaker positive and significant effect on performance of SACCOs in Kirinyaga County with $\beta = 0.3211$ at p value 0.04 which is less than 0.05 as in Table 4.16. The bivariate model for the bureaucratic leadership is in the form of:

$$P= 1.34 + 0.3814(BL) + e.$$

The results showed that bureaucratic leadership showed a high handed approach to staff in the workplace, making the latter insecure and unable to objectively undertake tasks. This is a likely precursor to dismal output and a negative impact on performance in Sacco’s. The findings are in concurrence with the previous study by Ludwig (2004) indicates that bureaucratic leadership style is specialized in division of labour where if an employee exits the organization, it takes a while before another picks up moreover, the style is full of downward directives and upward information flow. Hickson (2013) indicate that this type of leadership is goal oriented and therefore performance oriented. Ssmith (2012) also supports this type of leadership since it promotes promotions which are majorly based on merit.
4.7.4 Democratic leadership style and Performance

H4: There is a significant relationship between Democratic leadership style and performance

Table 4:1 Multiple Regression Model Summary for Democratic leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.775*</td>
<td>.662</td>
<td>.597</td>
<td>.1476</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), transformational leadership

The model summary in Table 4.17 shows the R value was 0.474 indicating that there is a positive connection linking democratic leadership and performance in SACCOs. The R squared ($R^2$) value of 0.662 shows that 66.2 percent of performance in SACCOs is explained by bureaucratic leadership factors considered under this study. The remaining 33.8 percent is explained by other factors not put into consideration in this study.

Table 4:2 ANOVA for Internal Controls

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>11.554</td>
<td>5</td>
<td>9.110</td>
<td>7.32</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>45.200</td>
<td>27</td>
<td>.3451</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>56.754</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of Table 4:18 ANOVA revealed that the entire model was significant with the F ratio = 7.32 at p value 0.000 < 0.05. This is an indication that the model can be relied upon.

Table 4:3 Regression Coefficients of Democratic Leadership

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.341</td>
<td>1.332</td>
<td>1.62</td>
</tr>
<tr>
<td></td>
<td>Democratic Leadership</td>
<td>.1146</td>
<td>.124</td>
<td>.201</td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
Democratic leadership had stronger positive and significant effect on performance of SACCOs in Kirinyaga County with $\beta = 0.1146$ at p value 0.0225 which is less than 0.05 as in Table 4.19. The bivariate model for the Democratic leadership is in the form of:-

$$P = 1.34 + 0.1146(DL) + e$$

(DL). Democratic leadership

These results showed that democratic leadership was ideal for the Sacco staff as it enhance inclusion in decision making, ownership of strategies and eventual enhancement in financial performance. In concurrence, Gastil (2012) findings indicated that the democratic leadership fashion is participative fashion because it encourages employees to be a part of the decision making. Choi (2007) in addition imply that this sort of leadership calls for sacrifice, braveness, symbolism, citizen participation and imaginative and prescient as principal traits within the show of democratic management in diverse political, social and cultural contexts. It is slow but in selection making.

4.7.5: Regression Analysis Summary

Table 4:1 Model Fit Results

<table>
<thead>
<tr>
<th>Model Fitting Information</th>
<th>-2 Log Likelihood</th>
<th>Chi-Square</th>
<th>f</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept Only</td>
<td>128.422</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final</td>
<td>91.576</td>
<td>41.913</td>
<td>11</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Researcher, 2017

Table 4:2 Results of the $R^2$

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Standard Error of Estimates</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.928$^a$</td>
<td>.674</td>
<td>.633</td>
<td>.1026780</td>
<td>2.285</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant),

D. Dependent Variable: Performance
R Square ($R^2$) also called the Coefficient of Determination stands at 0.674 as stipulated in Table 4.21: above. This implies that 67.4% of the variation in Sacco performance (the dependent variable) is explained by inconsistency in the independent variables i.e. transactional, transformational, bureaucratic and democratic leadership. To this effect, only 32.6% of the variation in the Sacco performance is explained by other variables not included in the model. Therefore, guided by Seber & Lee (2012), it was concluded that at least one of the variables under assessment were useful predictors of performance of internal audit function.

The following is the outcome of multiple regressions of the four independent variables against the dependent variable.

**Table 4.3 Coefficients on multiple regression of variables**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.341</td>
<td>1.332</td>
<td>1.62</td>
</tr>
<tr>
<td></td>
<td>Transactional leadership</td>
<td>.3012</td>
<td>.2114</td>
<td>.213</td>
</tr>
<tr>
<td></td>
<td>Transformational leadership</td>
<td>.3211</td>
<td>.2720</td>
<td>.211</td>
</tr>
<tr>
<td></td>
<td>Bureaucratic Leadership</td>
<td>.3814</td>
<td>.2930</td>
<td>.223</td>
</tr>
<tr>
<td></td>
<td>Democratic Leadership</td>
<td>.1146</td>
<td>.1240</td>
<td>.201</td>
</tr>
</tbody>
</table>

D. Dependent Variable: performance

The equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$) becomes: $Y = 1.34 + 0.3011X_1 + 0.3211X_2 + 0.3814X_3 + 0.1146X_4 + 1.332$. The regression equation above has established that taking all factors into account (transactional, transformational, bureaucratic and democratic leadership) constant at zero, performance of the Sacco’s will be 1.34 as in above Table 4.22. The findings presented also shows that taking all other independent variables at zero, a unit increase in transactional leadership style will lead to a 0.3011 increase in Sacco performance which is concurrent with Bryman (2014) findings also
presented that there is a strong positive relation between the leadership style and the organizational performance; a unit increase in transformational leadership style will lead to a 0.3211 increase of Sacco performance; a unit increase in bureaucratic leadership will lead to a 0.3814 increase in Sacco performance; and a unit increase in democratic leadership will lead to a 0.1146 increase in Sacco performance. The four variables had positive correlation with all of them being significant at 95% confidence level: Wafubwa (2013) in his study entitled ‘Factors Influencing Performance of commercial banks in Kenya opine leadership styles as a major factor. Transactional leadership (0.0287), transformational leadership (.0254), bureaucratic leadership (.0400) and democratic leadership (.0225). This infers that transformational leadership, bureaucratic leadership and transactional leadership contribute most to Sacco performance, while democratic leadership contributed the least to Sacco performance.

4.8 Major challenges the SACCOs encounter in adopting the various leadership styles

The researcher sought to establish the major challenges the SACCOs are facing in adopting the four leadership styles above. From the findings, most SACCOs face breach of trust when engaging transactional or transformative leadership style. By giving the employees all the powers and trust to access organizational information and take charge, they misuse the opportunity and leak the information to competitors who promise them better jobs and compensation. Bureaucratic leadership style adopted led to high employee turnover and diminishing sense of ownership among the employees. This directly impacted on the performance of the SACCOs. Due to the stage in growth of the SACCOs and limited capital, they are not able to remunerate competitively hence high turnover of staff. This also hindered adoption of better and less supervisory leadership.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the summary of the key findings along the study objectives. It then draws conclusions based on these findings and discussions are put forth for the recommendations of the study based on both policy and practice and finally recommendations for further areas of research.

5.2 Summary

The sample for the study included the 92 employees of 4 selected SACCOs in Kirinyaga County, Kenya. However, 90 questionnaires were well filled and returned. Data analysis results show a significant influence of the four leadership types on the performance of Sacco’s in Kirinyaga County.

The objective is to establish the effect of transactional leadership style on performance. Overall the results of the linear regression indicated a weak positive but significant relationship between transactional leadership and performance with $\beta = 0.301$ at p value 0.024 which is less than 0.05. R value was 0.912 indicating that there is positive relationship between transactional leadership and performance.

The objective sought to establish the effect of transformational leadership effect to performance. The $\beta = 0.3211$ at p value 0.025 which is less than 0.05. R squared (R2) value of 0.441 hence the remaining 55.9 percent is explained by other factors not put into consideration in this study. The findings of the study further indicated that positive relationship between transformational leadership style on performance.

The third objective of the study sought to establish the effect of bureaucratic leadership to performance. Bureaucratic leadership had stronger positive and significant effect on performance. I regression results indicated with $\beta = 0.3211$ at p value 0.04 which is less than 0.05. The R squared (R2) value of 0.562 shows that 56.2 per cent of performance in SACCOs is explained by bureaucratic leadership factors considered.
under this study. The remaining 43.8 percent is explained by other factors not put into consideration in this study. There is a significant relationship Bureaucratic leadership

The fourth objective of the study sought to determine the relationship I effect of democratic leadership style to performance. Linear regression was used to test this hypothesis and the Findings of the study showed that the relationship was weaker positive with the following findings $\beta = 0.1146$ at p value 0.0225 which is less than 0.05. There is a significant relationship between Democratic leadership style and performance

5.3 Conclusion

It was concluded that SACCOs engaged in transactional leadership had supervisors who always monitored the objectives and contributions of each player in the transaction and ensured that all agreed upon standards were followed. This is in tandem with Ismail et al. (2010) who concluded that transactional management behaviours make a contribution to powerful leadership due to the fact transactional leaders analyse and manage transactions with fans the use of regulations, incentives, and instructions.

The study realized that SACCOs which engaged in transformational leadership had supervisors who provided appealing images about what the staff do and also the duties and roles of staff were clearly outlined with clear separation of duties which was in support of Antonakis et al. (2003) who highlighted the relational trade among leaders and employees using the 4 additives of transformational leadership as the idea for employee mentoring and empowerment by responsive leaders.

It was ascertained that SACCOs in Kirinyaga County embracing bureaucratic leadership, had supervisors who believed that if employees are not supervised directly they are not in all possibility to accomplish their work, also that normally, the supervisors alleged that workers have to be rewarded or punished so as to encourage them to reach organizational targets. It was also established that subjects under this leadership style felt insecure about their work and need direction,
The study indicated that SACCOs engaged in democratic leadership, supervisors as a rule allowed each idea given consideration, and also that, in complex situations the supervisor discussed with team before decision making, although (Leban, 2014) argued that it's far most successful while used with exceptionally skilled or experienced personnel or when enforcing operational modifications or resolving character or institution troubles.

The study concludes that bureaucratic leadership style is mostly applied among SACCOs in Kenya. Further, engaging other forms of leadership like transformative, transactional and democratic for young and growing SACCOs is instrumental in fostering growth and productivity as indicated by Smith (2012) on why organizations need to mix the four styles for greater productivity. The study concludes that the other methods of leadership should be applied based on stages in growth of the organizations to enable overcome challenges that come with implementation of the styles. The study also concludes that all cooperative sector players suffer from poor leadership styles. All these SACCOs have therefore need to transform their leadership styles to enable them turn around their performance and remain competitive in the financial sector.

5.4 Recommendations

The SACCOs and other small and medium financial sector players need to embrace transactional and transformative leadership to enable them tap potential of their employees, involve them in decision making and welcome new ideas into the system which will positively contribute to exponential performance of the entities. Frooman, Mendelson, and Murphy (2012) described transformational management as an active shape of leadership wherein leaders inspire fans toward a collective imaginative and prescient, engage with fans within the procedure of giving and receiving feedback, and provide encouragement in the pursuit of private and professional desires. Employees among banking institutions and other stakeholders need to be faithful to the organizational information and modes of operations to enable their employers remain competitive in the market. The employees need to be innovative and creative to enable the firms perform well.
The government should ensure labour relations among financial sector players are friendly to enable the employees’ welfare is upheld and the employers are remunerative them well. Through SASRA also the SACCOs should standardize their modes of operation, employee compensation, management and sensitize the SACCOs on the best and productive leadership styles as indicated by Choi (2007) on the connection between employee welfare and compensation and the leadership styles.

5.5 Suggestions for Further Research

Researcher makes recommendation on research on a public sector such as Kenya commercial banks to get the insight in the financial industry as a whole in Kenya on effect of leadership styles on performance. This study considered four styles of leadership such as bureaucratic, transformational, transactional and democratic. Future researchers should consider other types of such autocratic laisse-faire. Future studies may also adopt different research design such as causal effect or comparative as opposed to descriptive design. Finally, factors affecting performance other than leadership styles in the banking industry, analysis of challenges of democratic leadership among SACCOs in Kenya and how the leadership styles influence the productivity of employees among SACCOs in Kenya should be focussed on.
REFERENCES


Dr. Karl Albrecht (2011) Organizational Performance: Meeting the Challenges of the New Business Environment


Gadot, E. V. (2007). Leadership Style, Organizational Politics, and Employees’


Oso WY, Onen D (2005). A General guide to writing research proposal and report; option press and publishers


APPENDICES

APPENDIX I: UNIVERSITY APPROVAL LETTER

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School
TO: Evans Kibiwot Ng'etich
    C/o Business Administration Dept.

DATE: 22nd May, 2017
REF: D53/OL/CTY/26218/2015

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 17th May, 2017 approved your Research Project Proposal for the M.B.A Degree Entitled, “Leadership Styles and Performance of Sacco’s in Kirinyaga County, Kenya”.

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The forms have been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University’s Website under Graduate School webpage downloads.

Thank you.

GIDEON KAIMENYI
FOR: DEAN, GRADUATE SCHOOL

C.c. Chairman, Business Administration Department.

Supervisors:

1. Dr. Anne Wambui Muchemi
   C/o Department of Business Administration
   Kenyatta University

60
APPENDIX II: UNIVERSITY AUTHORIZATION LETTER

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

F.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 27530

Our Ref: D53/OL/CTY/26218/2015

DATE: 22nd May, 2017

Director General,
National Commission for Science, Technology
and Innovation
F.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR EVANS KIBIWOT NGETICH — REG. NO.
D53/OL/CTY/26218/2015

I write to introduce Mr. Evans Kibiwot Ngetch who is a Postgraduate Student of this
University. He is registered for M.B.A degree programme in the Department of Business
Administration.

Mr. Evans intends to conduct research for a M.B.A Project Proposal entitled, “Leadership Styles
and Performance of SACCO’s in Kirinyaga County, Kenya”.

Any assistance given will be highly appreciated.

Yours faithfully,

MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL
APPENDIX III: NACOSTI AUTHORIZATION LETTER

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Ref. No: NACOSTI/P/17/41920/18227

Evans Kibiwo Ngetich
Kenya University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Leadership style on performance,” I am pleased to inform you that you have been authorized to undertake research in Kirinyaga County for the period ending 18th July, 2018.

You are advised to report to the County Commissioner and the County Director of Education, Kirinyaga County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Kirinyaga County.

The County Director of Education
Kirinyaga County.
APPENDIX IV: RESEARCHER INTRODUCTION COVER LETTER

Evans Kibiwot Ngetich
Kenyatta University,
P.O.Box438444-00100
NAIROBI.

RE: Request to fill in the Questionnaire

Dear Respondent,

I am a student from Kenyatta University, Pursuing a Master’s in Business Administration Degree in Project Management. Currently, I am in the process of undertaking research on the “Leadership Styles and Performance Of Saccos In Kirinyaga County, Kenya”

I therefore request to be granted permission to carry out the study in the attached list of selected departments in your organization.

Thank you.

Yours faithfully,

Evans Kibiwot Ngetich
APPENDIX V: QUESTIONNAIRE

A STUDY ON LEADERSHIP STYLES AND PERFORMANCE OF SACCOS IN KENYA; A CASE OF KIRINYAGA COUNTY

Section A: General Information

1. What is your age?
   - Below 25 years [ ]
   - 25-30 years [ ]
   - 31-35 years [ ]
   - 36-40 years [ ]
   - 41-45 years [ ]
   - 46 and above [ ]

2. What is your gender
   - Male [ ]
   - Female [ ]

3. What is your highest education qualification?
   - Certificate/diploma [ ]
   - Higher diploma [ ]
   - Bachelor [ ]
   - Master [ ]
   - PHD [ ]

Section B: Organisation Bio-Data

1. In which of the following categories is your SACCO
   a) Locally Owned [ ]
   b) Foreign Owned [ ]
   c) Both Local and Foreign [ ]
2. What is scope of your SACCOs operations?

a) Local [ ]

b) Regional [ ]

b) Continental [ ]

c) Global [ ]

3. What products does your SACCO provide? Please tick where necessary

(a) General banking services [ ]
(b) Loan products [ ]
(c) Mortgage services [ ]
(d) Forex and money transfer services [ ]

Others if any……………………………………..

PART B: LEADERSHIP STYLE

The sets of statements aimed at helping you assess your feelings or perceptions of the leadership style of your immediate supervisor. You are requested to rating yourself against each statement to indicate your level of agreement with what the statement is suggesting, where the following ratings are:

1 = Strongly agree 2 = Agree 3 = Moderate 4 = Disagree 5 = Strongly Disagree

Please place a tick (√) or a mark (x) in the box (cell) that represents your appropriate level of agreement.

<table>
<thead>
<tr>
<th>TRANSACTIONAL LEADERSHIP</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>my manager tells others what to do inside the event that they want to be rewarded for their work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager gives reputation/rewards at the same time as others gain their goals.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>my manager calls interest to what others can get for what they accomplish.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor is continually glad when others meet agreed-upon requirements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>so long as topics are walking, my supervisor do not try to trade something</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager tells us the standards we need to comprehend to perform our work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TRANSFORMATIONAL LEADERSHIP</strong></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>my supervisor makes others feel proper to be round him/her</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have complete faith in my manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am proud to be associated with my supervisor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor expresses in some smooth phrases what we have to and have to do</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager offers appealing photos approximately what we are capable of do</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager facilitates me find out which means that in my job</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor allows others to mirror on consideration on vintage problems in new strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager gives others with new strategies of looking at complicated subjects.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor receives others to rethink mind that they had by no means questioned earlier than</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor helps others develop themselves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager permits others growth themselves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager we could others apprehend how he/she things are completed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager offers private interest to others who experience rejected</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>my supervisor makes others feel proper to be round him / her</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i have complete faith in my manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i am proud to be associated with my supervisor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor expresses in some smooth phrases what we have to and have to do</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager offers appealing photos approximately what we are capable of do</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager facilitates me find out which means that in my paintings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor allows others to mirror on consideration on vintage problems in new strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>DEMOCRATIC LEADERSHIP</strong></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>in multifaceted situations my supervisor talk with team earlier than choices making</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my supervisor gives opportunity of unfastened exchange of thoughts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>more often than not, my supervisor allows every thoughts given attention.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>my manager gives me whole possibility of participation in decision making</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
SECTION C: SACCOs PERFORMANCE

Organisation performance can be measured along various indicators; to what extend has your Organisation achieved improvement along the terms;

<table>
<thead>
<tr>
<th>Performance Indicators</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of internal processes for increased efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employee turnover has reduced due to satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer loyalty has increased due to satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand recognition in the market has improved</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of professionalism due to training of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth of employees in terms of career and education advancement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased engagement with the public through open days</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What are the major challenges does your SACCOs encounter in adopting the various leadership styles?

i)...........................................................................................................................................

ii)................................................................................................................................................

iii)................................................................................................................................................

iv)................................................................................................................................................

v)................................................................................................................................................
APPENDIX VI: LIST OF SACCOS IN KIRINYAGA COUNTY

1. Fortune Sacco
2. Lainisha Sacco
3. Ollin Sacco
4. Bingwa Sacco

Source: CBK, 2017