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Influence of Commitment as a Transformational Leadership Outcome on Staff Performance of Kenya Microfinance Institutions

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Abstract

Kenya has a very elaborate and expansive financial market and microfinance sector has become a key player in economic growth. This is mainly because it targets the unbanked and marginalized people especially in the rural areas and thus has direct impact on poverty eradication. As a concept, microfinance has been accepted across the globe as a forum within which poverty can be eradicated and financial inclusion extended. However various challenges define microfinance today and present a leadership challenge that needs to be tackled for the sector to improve and deliver its mandate. The study specifically looked at influence of commitment outcome on transformational leadership. This research is key to Kenyan government as it supports to come up with a clear framework for regulation of microfinance sector and offer leadership in the entire financial sector. The study targeted institutions that were engaged in retail microfinance and that are members of Kenyan Firm of Microfinance Institutions (AMFI). Primary data was gathered from the respondents whereas secondary data was obtained from AMFI on performance of institutions. Analysis of unit was staff in microfinance institutions that were categorized in to three: the senior management with whom an in-depth interview was conducted, middle level manager and the other staff who participated in daily activities of microfinance who were involved in a self-administered questionnaire. Performance was assessed through the load that microfinance officers carry in terms of the outstanding loan balance, the number of customers that individuals in the organization have as well as the portfolio quality and turnover rates within the organizations. Stratified sampling technique was used to obtain sample and sample size determined using the Cochran's formula to be 385 which was large enough to allow generalization. Descriptive approach used the pragmatic approach. A pilot study was carried out in Embu County to test data reliability of the data gathering tools. Data analysis was done using SPSS. A simple linear regression model that reflects relationship between the variables was estimated to establish the relationship.. The findings revealed that commitment has a positive and significant relationship with staff performance in microfinance institution. The study rejected the null hypothesis and concluded that commitment influenced performance in micro-finance institutions in Kenya. The study concluded that staff commitment as an outcome of transformational leadership had a positive and significant relationship on staff performance in micro-finance institutions in Kenya. The study recommends that organization should focus on changing the motives, believes and values that bring about new capabilities of the staff of the organization. Staff should be engaged in decision making and thus improve the decision making abilities of the organization and enhance competitive advantage. There is need for organizations to embrace the convention of commitment as a leadership development practice.

Keywords: *Staff commitment, Transformational Leadership, Staff Performance, Microfinance Institutions in Kenya.*

1.0 Introduction

1.1 Background of the Study

Organizational commitment as used in this study means a psychological bond between the organizational members and the organization. Mowday *et al.*, (1985) characterized organizational commitment as belief that an employees has in a firms goals values and goals and a willingness to remain in a firm. As discipline, leadership is cross cutting and differentiates one organization from the other. Microfinance organizations are no different. Powell (2011) stated that leadership is critical and crucial to both the growth and change in organizations. Leadership is described as the bond that makes people of diverse nature and background work together to achieve a common goal (Usman, 2011). The style of leadership has been found to determine the level of satisfaction and productivity of employees in an organization (Taylor, 2014; Victoria, 2011). Different leadership behaviors produce different effects on employees and have clearly distinct outcomes (Erkutlu, 2008).

The goals of Microfinance institutions is to enhance social economic status of the people they serve, enhance economic growth, improvement wellbeing and alleviating poverty. Microfinance traces its roots from Grameen Bank that was started by Prof. Yunus in Bangladesh. Prof. Yunus was an advocate of women and had an ardent believe that poverty could be eradicated if all women were empowered. He was awarded a Nobel award in the year 2006 in recognition of the model and idea that many institutions around the world later convention led. From Yunus' leadership, a formidable organization Grameen Microfinance Bank was formed and has earned him accolade in many quarters. The bank targeted women and banked on them to boost and support meet the needs of the family thus improving their economic standing. The impact of microfinance has always been rated on the number of lives they have touched through the loans they give, the sustainability index and portfolio quality (Waweru *et al.*, 2012).

Kenya has a very elaborate and expansive financial market. Statistics show that Kenya has forty four (44) commercial banks, one (1) mortgage finance company, seven (7) staff offices of foreign banks, ten (10) regulated microfinance institutions, two (2) credit reference bureaus and one hundred and one (101) forex bureaus. The main laws governing the sector are the Constitution of Kenya 2010, Banking Act, Kenyan Central Bank Act, Microfinance Act 2006, the Companies Act, Building Societies Act, with Prudential Guidelines given by Central Bank (Kariuki, 2015). As of December 2014 microfinance sector in Kenya was controlling a total assets of KES 315.7B. The credit only microfinance institutions presented 13%. Excluding the banks that play in this sector, that is,. Equity Bank, Sidian Bank and Jamii Bora Bank, Microfinance institutions commanded Assets worth KES 57.4B. The highest growth in Assets was seen in 2013. The sector serves 1,062,621 active clients that is ,those with loans. This is a significant population and shows the importance of the sector and warrants for this research. Microfinance institutions of Kenya formed a firm of Kenyan Microfinance Institutions (AMFI Kenya) which is body that regulates entry and regulates microfinance to play in a level ground. It provides a platform where peers gather, to champion the interests of the sector. It avails an opportunity for collective bargaining for the members, giving the microfinance sector a voice to influence policy decisions within the country. AMFI collects all the reports of the microfinance organizations and compiles reports for the sector albeit with challenges on compliance.

1.2 Statement of the Problem

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

Microfinance has moved from being a social process and has fully integrated into the banking sector (Hamada, 2010). This requires a consideration of what they do and how they fulfill their mandate. The Kenyan market is a very sensitive market with seriousness accorded to compliance which has traditionally not been an issue for microfinance there before (Waweru *et al*., 2012). For MFI's to be regulated, it requires committed leadership who are willing to take risk. Effective transformational, committed leadership and a leadership that will be able to weather the storm and make the goals to be realized. Research was therefore needed to cater for the missing gap which relates to style of leadership and the drive it has on performance of staff who are key resources and drivers of the business.

While research has been done on operational matters of microfinance, gender involvement, poverty reduction and investments, little attention has been given on leadership and its impacts on driving microfinance performance. Microfinance has moved from being a social process and has fully integrated into the banking sector (Hamada, 2010). This requires a consideration of what they do and how they fulfill their mandate. Transformational leadership would come in handy through key outcomes on building commitment. This study sought to investigate the Influence of commitment as a result of transformational leadership on staff performance of Kenya microfinance institutions.

1.3 Objective of the Study

The objective of the study was to investigate the influence of commitment as a result of transformational leadership on staff performance of Kenya microfinance institutions.

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1.4 Research Hypothesis

H_0: Staff commitment as an outcome of transformation leadership does not influence their performance in Microfinance institutions in Kenya.

2.0 Literature Review

2.1 Theoretical Review: Transformational Leadership Theory

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

As per theory, transformational leadership bring about commitment. This study is anchored on theory of transformational leadership as fronted by Bass (1985). Developed in the 20th Century, transformational leadership theory was first laid as an analysis of political leadership. Before then, a lot of attention was on a study of great leaders and who they were. Burns (1978) proposed leadership types which occur when person involves with another in way that uplifts them to level of higher motivation and morality. The basement of transformational leadership is that it must raise followers from low level of needs to a higher level of need. This is in line with Maslow (1954) theory of hierarchy of needs. In expansion of this theory, Bass (1985) defines leader as someone who incite others to actualize more than what was originally contrived. This is achieved through getting awareness to levels which bring clear the outcomes, their importance and the means through which they can be achieved. In this respect, followers are tuned to improve beyond self-preservation for the common good of team and firm Burns (1978).

Rao (2014) defines it as a process where people are developed to develop and create organizations that accomplish extra ordinary results. Transformational leadership distinguishes itself in that the leader plays a role of rallying others behind their mission and objectives to accomplish in an extra ordinary way (Zhu & Akhtar, 2014). Drawing from above, leaders who are transformative are those generating higher order needs of the employees making them better. They build relationships that are guided by mutual trust and push for a well-articulated vision that members unite along. Transformational leaders motivate followers to deliver beyond their expectation and to be committed to the objectives of an organization. The style used by transformational leaders rubs through followers influencing their behavior by creating a psychological contract (Rao, 2014).

2.2 Empirical Review

Organization commitment is depicted as a mental bond amongst organization individuals and organization. Mowday *et al*., (1985) characterized organization commitment as the belief that an employees has in a firm's objectives and values and a want to stay in a firm organization commitment yields competitive advantage and improved satisfaction within employees. According to them, affective commitment relate to emotional relationship that employees has with the organization, the identification and the level of involvement. Continuance component represents a kind of commitment that is dependent on the costs that an employee's relates with the eventual leaving of an organization. Joo *et al*., (2012) discovered that transformational leadership was related with very high self-evaluations that include efficacy, high self-realize, and high control locus and stability in emotions that foster commitment within the organization. This commitment he adds fosters the level of openness bringing about creativity forth betterment of the organization. Neinegner *et al*., (2010) correlated commitment and organization performance and discovered a very strong relationship amongst the two.

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

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

Affective commitment is built on a continuous friendliness which is based on the staff's recognition concerning the degree to which the firm values their commitments and thinks about their prosperity (Florence et al., 2015). Organization commitment relates to the sets of strong uplifting mentalities towards the organization showed by commitment to objectives and a mutual feeling of significant worth (Durmy & Garland, 2012). Sense of commitment regarding work is a factor of job encounters, recognitions about organization and the personal characteristics which make someone have positive feelings about the organization and develop a liking and a bond to it. It is always important to understand what causes people to like and bond with their organization as Rosenholz, (1985) and Marks and Louis, (1997) found out, people commit themselves when there is internal motivation and commitment. When this lack, they feel dissatisfied and disengage with the organization leading to poor performance (work failure) and poor working experiences and thus high turnover. It is also evident that lack of commitment to an organization is a key hindrance to organizational change and reforms.

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

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

Lo (2009) completed an study on the relationship between leadership styles (concentrating for the most part on value-based and transformational leadership styles) and staffs' employee commitment in Malaysia by utilization of regression analysis and established that that transformational leaders are more ready to get commitment in employees than value-based leaders. Their discovering demonstrates that transformational leaders have a higher and better firm with the staff performance. This deduces that the leaders who give encouragement and focus on the individual needs of adherents and gives advices will very upgrade the level of staff commitment of the employees. Avolio, (2004) examined the relationship between transformational leadership and staff performance and he concentrated on the auxiliary separation and psychological strengthening using an example of 520 staffs attendants who were used by a substantial public doctor's facility in Singapore. Their outcomes demonstrated that there was a positive relationship between transformational leadership and employee commitment in this manner inferring that psychological strengthening encouraged the relationship between transformational leadership and staff commitment.

2.3 Conceptual Framework

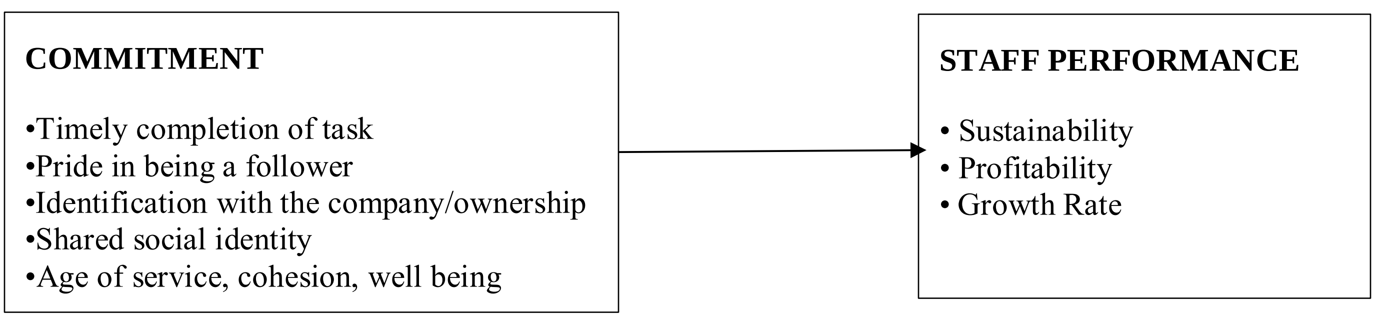

Figure 1: Conceptual Framework

3.0 Research Methodology

This research employed descriptive research design. A descriptive design looks at a phenomenon answering some critical questions such as; who? the what? and the when? as well as how variables relate to one another (Cooper and Schindler, 2014).. This design enhanced researcher to characterize dependent and independent factors to be studied. Procedure was used to review variable and steps used to restrict intervening factors that influenced findings. Research aim was to establish effect of transformational leadership style outcomes on staff performance of organization. This was an area where scanty research had been done and therefore called for detailed analysis.

A survey was conducted among the population through the use of questionnaires. The questions set were open ended for the two. An in-depth interview was carried out with the CEOs and Senior Management of the selected MFIs. The target populace of this research was staff working in retail Microfinance Institutions that were members of Association of Kenya Microfinance Institutions (AMFI (K).These included the microfinance Banks and credit only institutions. They were divided into strata to cater for the different groups' that is ordinary staff, middle level managers and department heads in microfinance institution who champion performance. AMFI sector report (2014) detailed that microfinance staffs were 5,833 in number and that microfinance was served in 698 branches. From the list of AMFI members attained from AMFI Kenya, there were 37 member institutions that conduct microfinance business at retail level. This research therefore excluded banks, wholesale traders, Sacco's and development banks that are members of AMFI. The target population was 250 senior managers, 700 middle level managers and 4948 other microfinance staff. These figures were derived from the AMFI sector report 2014.

Through the use of primary data the researcher got the number of staff in every organization that formed the target population, divided this into three strata where we had the senior managers, middle level managers and other staff. An appropriate sample was obtained that formed the participant of the research and that gave evidence that allowed for generalization. Therefore, being a large population Cochran (1963) formula was used to establish appropriate sample size. Numbers was then proportioned with the different strata to make it as staff as possible. The study used stratified technique to select the respondents. The technique was used to select participants from different selected categories of staffs of microfinance. Survey method was used to conduct study, whereby a multifactor questionnaire MLQ as used by Taylor (2012) was used. This was used to assess leadership style. Combined with the MLQ questionnaire, a standard questionnaire was also used as a standard tool of collecting primary data and this was used to review trust level. Likert scale was ordered ranging from strongly agree to strongly disagree. This represented an efficient and economical way of collecting data that was valid and reliable.

To measure reliability of questionnaire used in study, the Cronbach's alpha statistic was calculated for Likert scale questions. Cronbach's alpha statistic is between 0 and 1.The closer the Cronbach's alpha is to 1, the better questionnaire reliability .This is because a high alpha is caused by a high variance which means there is a wider variance of the responses and makes it easier to differentiate amongst responses (Allen, 2005). According to Field (2009), a questionnaire with a Cronbach's alpha of 0.8 is taken as reliable. The Kaiser-Meyer-Olkin measure of inspecting sufficiency was used to test for validity. The data gathered from the field was coded in a way that the objectives of the research was captured and data checked for completeness in readiness for analysis. Data entry was done using Microsoft excel and analysis done using SPSS. Upon completion of data entry, data cleaning, computation and analysis was done using the SPSS where output was generated for all data entered while checking for any missing responses.

The data was analyzed by use of statistical descriptive which include measures of central tendencies (mean), frequency and (standard deviation) dispersion. This was carried out by selecting summary statistics, for various variables and multiple results sets included counts and a wide variety of percentage computations, including table, sub table, column, row and valid N percentages. Summary statistics for scale variables and custom total summaries for categorical variables included median, mean, mode, and standard deviation. In addition, correlation and regression to test for relationships while a multiple regression model was used to determine the combined effect on the relationship between the outcomes and performance. Summary statistic was used and the output presented through the use of tables. All the data aimed at providing answers to the research questions. This type of data analysis was based on the use of numeric data in the form of numbers, levels and categories. Frequency distribution, graphs, pie charts and tables, were used to organize and give a summary of the data and displayed in a meaningful and understandable manner so as to assist in describing and interpreting the results of the research.

The extent to which transformational leadership determined performance was measured through the weight that the respondents gave it in the MLQ questionnaire weighted through the scales given. The researcher triangulated this with the in depth interviews that was done with key managers in the organizations.

The regression model that was used is;

$Y = \beta 0 + \beta_1 X + \varepsilon$

Where:

Y = Microfinance performance.

X = Commitment

β_1 = Coefficient of the variable

ε= Error term

4.0 Results and findings

4.1 Descriptive Statistics for commitment as an outcome of transformational leadership on the performance of microfinance institutions' staff.

This section presents the descriptive results on statements on the influence of commitment as an outcome of transformational leadership on the performance of microfinance institutions' staff. This objective was measured on Likert scale and the summary statistics of the 5 questions measuring the variable presented in Table 1 Since the factor analysis indicated that the questions under commitment measure the same variable, the descriptive statistics were calculated for the 5 questions combined. The most common score for the question vision was 5, moral conduct=5, sense of vision =5, self-interest =4 and job description=4.

According to Gould-Williams (2003), commitment is seen as the lubricant that enhances and makes it promising for organizations to work and that lack of trust may lead to dysfunctional results including low commitment, low motivation and lack of confidence in the organization. The results in Table 1 indicate that most to the respondents had a positive score on commitment indicating that staff commitment as a result of transformation leadership was high.

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Table 1: Descriptive Statistics-Commitment

		Vision	Moral conduct	Sense of vision	Self interest	Job description
Median		4.00	4.00	5.00	4.00	4.00
Mode		5	4	5	4	4
Skewness		-1.570	-1.179	-1.536	-.943	-.995
Std. Error of Skewness		.139	.139	.139	.139	.139
Kurtosis		3.116	1.848	2.800	.720	.605
Std. Error of Kurtosis		.278	.278	.278	.278	.278
Range		4	4	4	4	4
Sum		1311	1251	1324	1148	1206
Percentiles	25	4.00	4.00	4.00	3.00	3.75
	50	4.00	4.00	5.00	4.00	4.00
	75	5.00	5.00	5.00	4.00	5.00

Descriptive statistics was also presented for the individual questions measuring the commitment variable.

4.2 Existence of a Clearly Articulated Vision

Respondents were asked to respond, on a scale of 1-5, to the question of whether they agreed with the statement that their enterprise had a clear articulated vision. Table 2 summarizes the results of the study. Cumulatively, 86.9% of the respondents agreed with the statement. This was in similar to the assertion by Rafferty, Alannah and Griffin (2004) that vision is an important component of transformational leadership and that charisma is often strongly associated with measures of effectiveness.

Table 2: Descriptive statistics- Existence of a Clearly Articulated Vision

	Frequency	Percent	Valid Percent
Strongly disagree	7	2.3	2.3
Disagree	5	1.6	1.6
Moderately agree	28	9.2	9.2
Agree	120	39.2	39.2
Strongly agree	146	47.7	47.7
Total	**306**	**100.0**	**100.0**

4.3 Leaders with high ethical and moral conduct

The descriptive statistics on the question as to whether the leaders in the respondent's enterprises had high ethical and moral conduct were presented in Table 3. The results indicate that most of the respondents tend to agree with the statement with over 80% of the respondents distributed between agree and strongly agree

Table 3: Descriptive statistics- Leaders have high ethical and moral conduct

	Frequency	Percent	Valid Percent
Strongly disagree	7	2.3	2.3
Disagree	8	2.6	2.6
Moderately agree	43	14.1	14.1
Agree	141	46.1	46.0
Strongly agree	107	35.0	35.0
Total	**306**	**100.0**	**100.0**

4.4 Existence of Clear Vision and a Sense of Mission

The respondents were asked how much they agreed with the statement that there exists clear vision and a sense of mission in their enterprise. The descriptive statistics of the question were presented in Table 4. The results indicated that 87.3% of the respondents either agreed or strongly agreed with the statement. The results confirmed that of Tracey and Hinkin (1998), transformational leadership has direct impact on staff's perception of role and mission clarity and these observations subsequently impact follower perceptions of leader efficiency.

Table 4: Descriptive statistics- Existence of clear vision and a sense of mission

	Frequency	Percent	Valid Percent
Strongly disagree	5	1.6	1.6
Disagree	7	2.3	2.3
Moderately agree	27	8.8	8.8
Agree	111	36.3	36.3
Strongly agree	156	51.0	51.0
Total	**306**	**100.0**	**100.0**

4.5 Leaders Go Beyond Self-Interest for the Good of the Staffs

The respondents were asked to state whether they agree or disagree with the statement that leaders in their enterprise go beyond self-interest for the good of staffs. The results in Table 5 indicate that 70% of the respondents either agreed or strongly agreed with the statement. Bass and Avolio (1993) in their research found that leaders and followers in transformational leadership share mutual interests and that transformational leadership can complement transactional culture of an organization.

Table 5: Descriptive statistics- Leaders go beyond self-interest for the good of the staffs.

	Frequency	Percent	Valid Percent
Strongly disagree	15	4.9	4.9
Disagree	18	5.9	5.9
Moderately agree	62	20.3	20.3
Agree	144	47.1	47.1
Strongly agree	67	21.9	21.9
Total	**306**	**100.0**	**100.0**

4.6 Jobs Clearly Described

According to Pieterse *et al*., (2010), transformation leadership tends to promote innovative behavior amongst staffs unlike transactional leadership which clarifies expectations. However, in this study, most respondents tend to agree with the statement that jobs in their enterprises are clearly described, with 75.2% of the respondents responding with either agree or strongly agrees as indicated in Table 6. This is not a characteristic of transformation leadership.

Table 6: Descriptive statistics- Jobs in our enterprise are clearly described

	Frequency	Percent	Valid Percent
Strongly disagree	15	4.9	4.9
Disagree	18	5.9	5.9
Moderately agree	62	20.3	20.3
Agree	144	47.1	47.1
Strongly agree	67	21.9	21.9
Total	**306**	**100.0**	**100.0**

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4.7 Correlation Analysis

Correlation analysis was carried out to detect the association between the dependent variable, organizational performance and the independent variable of staff commitment. The mean score for the independent variables was calculated and the Pearson's correlation obtained using SPSS. The results in table 7 indicated that organizational performance of micro-finance institutions was positively associated to staff performance of micro-finance institutions at (r=0.231, p=0.000<0.05).

Variable	Organizational performance
Staff commitment	0.231
	.000*
* Correlation is significant at the 0.05 level (2-tailed).	
** Correlation is significant at the 0.01 level (2-tailed).	

4.8 Regression Analysis

4.9 The influence of commitment as an outcome of transformational leadership has on the performance of microfinance institutions' staff

The results in Table 7 show the model fit statistics of the regression model. The results in show that commitment explains 5.3% of the microfinance staff's performance.

Table 7: Model fitness

Indicator	R	R Square	Adjusted R Square	Std. Error of the Estimate
Coefficient	.231	**.053**	.050	.47682

In regression analysis, the F-Statistic tests the overall significance of a regression at a given level of confidence usually 95%. The F-statistic specifically tests the null hypothesis that all the regression coefficients are equal to zero. If the significance of the F-statistic is less than the p-value at 95% confidence level which is 0.05, then the null hypothesis is rejected, and the alternative hypothesis that at least one of the regression coefficient is not equal to zero is accepted.

Table 8 shows the ANOVA test for the regression model with the dependent variable being the mean of staff performance and one predictor variable, the mean score for commitment. The results indicate that the regression model is statistically significant. This means that staff commitment significantly predicts staff performance in micro-finance institutions. This is supported by the F-statistic=17.144 and a significance value of 0.000<0.05.

This finding is consistent with that of Joo *et al*., (2012) who discovered that transformational leadership was related with very high self-evaluations that include efficacy, high self-realize, and high control locus and stability in emotions that foster commitment within the organization. This commitment he adds fosters the level of openness bringing about creativity forth betterment of the organization. Neinegner *et al.*, (2010) correlated commitment and staff performance and discovered a very strong relationship amongst the two.

Table 8: Analysis of variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3.898	1	3.898	17.144	**.000**
Residual	69.118	304	.227		
Total	73.016	305			

The regression coefficient of the model was presented in Table 9. The results indicate that staff commitment as an outcome of transformational leadership has a positive and significant relationship to staff performance (β=0.149, p=0.000). This is interpreted to mean that a unitary increase in the mean of commitment will lead to a corresponding 0.14 unit increase in the mean of staff performance.

Moriart (2014) found that committed staff do not attach a lot of value in the pay. A firm that is just interested in increasing profitability or a firm that has financial crisis can bank on staff that even though salaries are reduced in which case expenses are lowered, the staff will still remain in the organization. Committed staff are willing to engage in decision making and thus improve the decision making abilities of the organization.

The specific model fitted was

Staff performance *=2.370+0.149X*

Where X is Staff commitment

Table 9: Regression coefficients

Variable	B	Std. Error	t	Sig.
(Constant)	2.370	.149	15.911	.000
Commitment	.149	.036	4.141	**.000**

5.0 Conclusions

The regression results showed that commitment explained 5.3% of the microfinance staff's performance. The ANOVA test for the regression model with the dependent variable being the mean of staff performance and one predictor variable, the mean score for commitment. The results indicated that the regression model was statistically significant. This meant that staff commitment significantly predicts staff performance in micro-finance institutions. This was supported by the F-statistic=17.144 and a significance value of 0.000<0.05. The results further indicated that staff commitment as an outcome of transformational leadership had a positive and significant relationship to staff performance (r=0.149, p=0.000). This was interpreted to mean that a unitary increase in the mean of commitment will lead to a corresponding 0.14 unit increase in the mean of staff performance. The null hypothesis in this case was that commitment of staff does not influence their performance in micro-finance institutions in Kenya. The p-value =0.030<0.05 hence the study rejected the null hypothesis that commitment of staff does not influences their performance in micro-finance institutions in Kenya.

The results conformed to that of Joo *et al*., (2012) who found out that transformational leadership was associated with very high self-evaluations that included high self-realize, efficacy and high locus of control and stability in emotions that foster commitment within the organization. The commitment he added fosters the level of openness bringing about creativity forth betterment of the organization. Further, the result informed that of Neinegner *et al.*, (2010) who correlated commitment and firm's performance and found a very strong relationship between the two. Goodwin *et al*., (2011) also agreed with these sentiments and view commitment as a stimulant to the follower to change motives believes and values this bring about new capabilities.

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

6.0 Recommendation

The study recommendations were done according to the objective, findings and conclusions of the study. There is need for organizations to embrace the convention of commitment as a leadership development practice. The study recommends that transformational leadership in micro-finance institutions should be associated with very high self-evaluations that is characterized by high self-realize efficacy, and high control locus and stability in emotions in order to foster commitment within the institution. Organization should focus on changing the motives, believes and values that bring about new capabilities of the staff of the organization. Staff should be engaged in decision making and thus improve the decision making abilities of the organization and enhance competitive advantage. With the high correlation between commitment and performance. Leaders must at all-time have a check on how much commitment the microfinance staff have.

7.0 References

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