



Influence of Staff Satisfaction as a Transformational Leadership outcome on the Performance of Microfinance Institutions' Staff in Kenya

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Abstract

Transformational leadership has been related to several outcomes in staff. Transformational leadership outcomes reinforce the desire for staff to continue working in an organization as well as their willingness to be innovative which leads to the company gaining a competitive edge over the peers in a sector. Whilst microfinance has been accepted across the globe as a forum within which poverty can be eradicated and financial inclusion extended, 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 determine the influence staff satisfaction had on performance of microfinance institutions' staff in Kenya. The research employed descriptive research design. The target population was 250 senior managers, 700 middle level managers and 4948 other microfinance staff of 37 microfinance institutions. Primary data was gathered from the respondents whereas secondary data was gotten from AMFI on performance of institutions. 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. Data analysis was done using SPSS. A simple linear regression model that reflects relationship between staff satisfaction and performance was estimated. Findings revealed that staff satisfaction had a positive and significant relationship with staff performance in microfinance institutions. The study concluded that staff satisfaction as an outcome of transformational leadership had a positive and significant relationship to staff performance in micro-finance institutions in Kenya.

Keywords: *Transformation Leadership, Staff Satisfaction, Performance & Microfinance Institution.*

1.0 Introduction

1.1 Background of the Study

Leadership is described as the bond that makes people of diverse nature and background work together to achieve a common goal (Usman, 2011). The style of leadership has been found to determine the level of satisfaction and productivity of employees in an organization (Taylor, 2014; Victoria, 2011). Different leadership behaviors produce different effects on employees and have clearly distinct outcomes (Erkutlu, 2008). Transformational leadership has been related to several outcomes in staff. Trust level that employees have defined their stay in organization, the commitment and the urge to do new things within organizations. Transformational leadership outcomes reinforce the desire for staff to continue working in an organization as well as their willingness to be innovative which leads to the company gaining a competitive edge over the peers in a sector (Augustine, 2012; Chan, 2010; Chang & Lee, 2010). The impact of transformational leadership is felt through follower development. Key transformational outcomes have been studied (Verma *et al.*, 2013). The effects leaders have on followers are attributed to the relationship that defines their day to day interactions.

Microfinance institutions are special institutions that were started to enhance access to credit and banking services for the marginalized groups and those that were alienated by the mainstream banking especially those who live in the rural areas (Aboagye & Otieku, 2010). The goals of Microfinance institutions is to enhance social economic status of the people they serve, enhance economic growth, improvement wellbeing and alleviating poverty. 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. In Kenya most organizations, both in the private and public sectors have embraced the importance of transformative leadership. Most state corporations have embraced three out of the four of transformational leader dimensions that is inspirational motivation (though weak), creative stimulation and personalized consideration. Both transformational leadership and employees' engagement are instrumental to achieving positive organizational outcomes. Three of the four leader behaviors; intellectual stimulation inspirational motivation, and individualized consideration of supervisor in state corporations in Kenya are positively related and significant for both employees' engagement and organizational performance in state corporations in Kenya (Datch, 2015).

Microfinance in Kenya started in the early 1980s after the liberalization of the economy. The Kenyan Government felt that there was a great need to cushion small-scale enterprises and they were identified among other areas that needed donor funding to accelerate growth. K-REP under heavy assistance of USAID was the first player. To entrench microfinance and as proof of importance, a need arose for regulation through the Central Bank of Kenya (CBK). The Microfinance sector now operates in a partially regulated environment with 10 Microfinance Banks being regulated by the Central bank and the rest of credit only microfinance institutions as unregulated and therefore left out in deposit taking. The highest growth in Assets was reported in 2013. The sector serves 1,062,621 active clients *i.e.* those with loans. This is a significant population and shows the importance of the sector and warrants for the study on influence of staff satisfaction on performance of microfinance institutions' staff in Kenya.

1.2 Statement of the Problem

Despite the government effort to regulate microfinance institutions, only three of them 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). On its part, the government has put various measures recognizing the role of microfinance including developing new regulations that anchor on the Microfinance Act 2006. Moreover, 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). Microfinance were established to serve the poor and support in eradication of poverty. Poverty remain a great challenge in Kenya today and The World Bank reports Kenya as a low middle level income. Globally, microfinance is growing at a rate of 30%. (Ashata, 2012) Kenya's growth as indicated by the AMFI Sector Report (2014) stands at 20%, which is below the global average. Growth is brought about by commitment and stable standing that encourages investment.

Gichira (2010) argues that founders have had a great hold on the institutions that nobody has gone to the level of looking at how these leaders have held these institutions hostage. According to Ayayi and Sene (2008), it will take total transformation in leader's minds to change the way business is done and to bring sanity. Research is needed on how leaders influence their followers and build them to high level of performance that allows them to make decisions.

Studies show that there is high rate of turnover among employees in financial sector. Gichira, (2010) cites staff retention and growth as a big challenge in Kenyan microfinance today. The argument is based on the fact that microfinance employs very young graduates who do not have a passion for the poverty eradication mission. A majority of the young people employed in Microfinance are there due to desperation for jobs and the aim to get into mainstream banking (Gichira, 2010). He found staff turnover rate was at a high of between 25% and 30%. In this regard, the turnover of staff in microfinance creates a low opportunity for learning and innovativeness. Hartumgi (2007) noted that a critical success factor in microfinance is retention of well-trained and dedicated microfinance staff. Premised on these findings the study determined the influence staff satisfaction on performance of microfinance institutions' staff in Kenya.

1.3 Specific Objective

To determine the influence that staff satisfaction had on performance of microfinance institutions' staff in Kenya.

1.4 Research Hypothesis

H₀₁ Staff satisfaction does not influence their performance in microfinance institutions in Kenya.

2.0 Literature Review

2.1 Theoretical Review

The theories that informed the study are goal setting theory and transformational leadership theory.

2.1.1 Goal Setting Theory

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

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

2.1.2 Transformational Leadership Theory

The study is anchored on theory of transformational leadership as fronted by Bass (1985). Developed in the 20th Century, transformational leadership theory was first laid as an analysis of political leadership. Before then, a lot of attention was on a study of great leaders and who they were. Burns (1978) proposed leadership types that occur when person involves with another in way that uplifts them to level of higher motivation and morality. The basement of transformational leadership is that it must raise followers from low level of needs to a higher level of need. This is in line with Maslow (1954) theory of hierarchy of needs.

Transformational leadership has been related to the enablement of the followers in a study by Kark *et al.*, (2003). Transformational leadership with the principles of inspirational motivation, idealized influence, and individualized consideration, intellectual stimulation presents great addition to theory. From articulation of Burns (1978), transformational leadership comes from the assessment of leaders' past performance rather than follower's attribution. They tend to transform weak or declining institutions through affecting them on the followers to see the compelling vision, change status quo and see the organization for what it can be rather than for what it is.

The leaders come in to a complete process that requires them to build commitment to the organization. This is realizable if the followers are empowered to realize the goals that are set. Commitment is generated through influence by letting people use their own intuitions. The role of the leader is to make people realize their potentials and utilize them for the gain of organization (Yukl, 1998). Transformational leadership is an exchange program where the employer and the employees exchange in a mutually gainful exchange. It has been adduced (Millisa *et al.*, (2011) that employees solely rely on the transformational leader to offer clear direction on how a task will be handled and thus increasing creativity. Employees are likely to learn more from the valuable experience provided by the leaders who lead them to learn more on application of support and creativity of their own minds towards goal accomplishment.

2.2 Empirical Review

Robins (2010) observed that job satisfaction was related to feelings that one had on the job. These feelings determine how much a person dedicates to work. Performance at work depends not only on the presence at work but the level of engagement (Guay, 2013) and as Huay *et al.*, (2009) indicate job satisfaction determine the level of absenteeism, the motivation towards grievance expression and tardiness. The level of morale determines the turnover levels as well as quality at work. This can be related to Kerry's followership model that explains the alienated followers,

sheep, survivors and the active followers based on the level of action and critical thinking. Huay *et al.*, (2009) found a high correlation between job satisfaction and performance. This agrees with Jordan (2011) who looking at emotional intelligence and job satisfaction felt performance in organizations to relate positively with job satisfaction. Powell (2011) in a study of nonprofit institutions found that the more satisfied a firm staffs are the more likely that they are going to be innovative and the higher the institution will be able to meet their goals.

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

Choo and Bowley (2007) indicated that satisfaction and staff performance are interrelated with each other and satisfaction is the resultant of occupation performance. Khan (2012) investigated work satisfaction on staff and performance and discovered the way that work satisfaction gives push to better performance to staffs. The structure of performance leadership additionally weights on staff work satisfaction. Organizational satisfaction is to create positive feeling among staff about their occupation. More noteworthy occupation satisfaction assembles more positive feelings in the mind of staff about their work.

To evaluate how one can lead inventive and creative staff, one is expected to comprehend what sort of process is being referred to, what sort of individuals is being referred to, and how a leader can influence the procedure and people. (Shalley and Gilson 2004) established that the quantity of developments may rise when inventiveness is maintained and empowered in a firm, and even people who do not have the common take to be innovative may wind up noticeably imaginative. Nonetheless, offering the correct levels of support, leaders should likewise show sound firms with their staffs (Shalley and Gilson 2004). Premier, inventiveness or imaginativeness ought to be recognized and tasks distributed in like manner, after which those people ought to have the resources and flexibility for trial, with the sufficient support and regard of their leader.

To increase organizational creativity, managers should have the ability and will to ensure that subordinates work in a positive atmosphere and mood, which calls for relationship-building skills. In their analysis, Dienti and Hiemlin (2012) found out that leaders and their staff can practice their inventions suitably in firms that support inventiveness. Resources and opportunity are not as imperative as organizational variables, for example, challenge, leadership consolation, leadership obstacles, supervisory consolation, work aggregate backings.

2.3 Conceptual Framework

An idea/concept is a theoretical or general idea translated or obtained from specific events. The independent is staff satisfaction while the dependent variable is staff performance in microfinance institutions. Indicators estimated during the study were outlined in the framework below.



Figure 2: Conceptual Framework

3.0 Research Methodology

The study employed a descriptive research design. The target populace of this research was staff working in retail Microfinance Institutions that were members of Association of Kenya Microfinance Institutions (AMFI (K)). These included the 37 microfinance Banks and credit only institutions. Primary data was collected from the respondents whereas secondary data was gotten from AMFI on performance of institutions. 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. Data analysis was done using SPSS. A simple linear regression model that reflects relationship between staff satisfaction and performance was generated.

The simple regression model used is;

$$Y = \beta_0 + \beta X + \varepsilon$$

Where:

Y = Microfinance performance.

X = Staff Job Satisfaction

β = Coefficient of the variable

ε = Error term

4.0 Results and Findings

4.1 Response Rate

A total of 385 questionnaires were issued to microfinance institutions. An aggregate of 306 polls were filled in and given back which response rate representation of 79.5%. The results were presented in Table 1. According to Mugenda and Mugenda (2003), 50% response rate was statistically complete for a descriptive study. The study’s rate of response 79.5% is therefore sufficient to carry out statistically unbiased analysis that may arise out of having response rate which is low.

Table 1: Response rate

Response Rate	Frequency	Percent
Returned	306	79.5%
Unreturned	79	20.50%
Total	385	100%

4.2 Tests for Reliability

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

For this particular study, the reliability test was done during the pilot study to ensure that any questions with a high “alpha if item is deleted” are dropped before the main study. This was explained by the criteria that if the question is dropped, the overall Cronbach’s alpha increased. Cronbach’s alpha test for reliability was carried out on 30 questionnaires dully filled during the pilot study. The 30 polls were not imputed in final study to control bias. Data from the pilot study were coded into SPSS and calculation of Cronbach’s alpha to measure for internal consistency of polls and outcomes presented in Table 2.

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

Table 2: Reliability test

Number	Variable	Cronbach's Alpha	N of Items	Comments
1.	Satisfaction	.861	5	Reliable

4.3 Descriptive Statistics

4.3.1 Staff satisfaction as an Outcome of Transformational Leadership on the Performance of Microfinance Institutions’ Staff.

Bushra, Ahmad and Naveed (2011) in their study found that leadership has an imperative part in influencing staffs’ commitment more so job satisfaction. They also asserted that transformational leadership leads to job satisfaction and that satisfied staffs would be more creative and gainful for the organization. Such staffs would be more creative and innovative thus supporting the business to grow. This study sought to establish staff satisfaction as a result of transformational leadership on the performance of microfinance institution staff. Table 3 illustrated the descriptive findings for the leadership variable. The findings show that the most frequent score for 4 out of the 5

questions seeking to measure the leadership variable was 4 which translates to agree on the likert scale while only one question had a score of 3 which translates to neither agree nor disagree on the likert scale. This shows that transformational leadership had a positive influence on staff satisfaction.

Table 3: Staff Satisfaction as an Outcome of Transformational Leadership

	Satisfaction level	Personal accomplishment	Decision making	Customer satisfaction	Job opportunity
Median	4.00	4.00	3.00	4.00	4.00
Mode	4	4	3	4	4
Skewness	-.723	-.730	-.294	-.496	-.748
Std. Error of Skewness	.139	.139	.139	.139	.139
Kurtosis	.667	.539	-.439	-.093	.295
Std. Error of Kurtosis	.278	.278	.278	.278	.278
Range	4	4	4	4	4
Sum	1129	1152	1024	1101	1173
Percentiles					
25	3.00	3.00	3.00	3.00	3.00
50	4.00	4.00	3.00	4.00	4.00
75	4.00	4.00	4.00	4.00	5.00

4.3.1.1 Organizational Leadership Satisfaction

Respondents were asked to what extent they agreed with the statement that they feel satisfied with their organization and its leadership. The results on Table 4 indicated that 64.1% of the respondents said they either agree or strongly agree with the statement. This tallies with the findings by Bushra, Ahmad, and Naveed (2011) that transformational leaders and their ability to identify and solve conflicts of staffs determines the staff’s perceptions and satisfaction about their leader’s performance.

Table 4: Organizational Leadership Satisfaction

	Frequency	Percent	Valid Percent
Strongly disagree	9	2.9	2.9
Disagree	18	5.9	5.9
Moderately agree	83	27.1	27.1
Agree	145	47.4	47.4
Strongly agree	51	16.7	16.7
Total	306	100.0	100.0

4.3.1.2 Level of Personal Accomplishment at Work

Respondents were asked to state how much they agreed with the statement that their work makes them feel a high level of personal accomplishment. The results in Table 5 indicate that 67.6% of all the respondents surveyed indicated that they either agreed or strongly agreed with the statement. This shows transformative leaders tend to positively influence the feeling of personal accomplishment in their leaders.

Table 5: High level of Personal Accomplishment at Work

	Frequency	Percent	Valid Percent
Strongly disagree	7	2.3	2.3
Disagree	20	6.5	6.5
Moderately agree	72	23.5	23.5
Agree	146	47.7	47.7
Strongly agree	61	19.9	19.9
Total	306	100.0	100.0

4.3.1.3 Decision Making Within the Organization

Findings by Azanza, Moriano and Molero (2013) indicate that when managers inspire staffs to be innovative and spend time to coach and teach them, reflect their personal feelings before effecting a decision, the staffs will develop their strengths and raise their commitment to the organization. Table 6 shows that only 46.4% of the respondents agreed that they feel they are well involved in the decision making of the organization.

Table 6: Decision making within the organization

	Frequency	Percent	Valid Percent
Strongly Disagree	16	5.2	5.2
Disagree	46	15.0	15.0
Moderately Agree	102	33.3	33.3
Agree	100	32.7	32.7
Strongly Agree	42	13.7	13.7
Total	306	100.0	100.0

4.3.1.4 Customers Satisfaction with Leadership Decisions and Communication

When customer facing staffs are satisfied and confident in their leaders, this will most likely be translated to good client relationships. This statement was backed-up by the findings as presented in Table 7. 59.1% of the respondents said they either agree or strongly agree to the statement that their customers are satisfied with the decisions they communicate coming from the leaders.

Table 7: Customers Satisfaction with Leadership Decisions and Communication

	Frequency	Percent	Valid Percentage
Strongly disagree	7	2.3	2.3
Disagree	33	10.8	10.8
Moderately agree	85	27.8	27.8
Agree	132	43.1	43.1
Strongly agree	49	16.0	16.0
Total	306	100.0	100.0

4.3.1.5 Job Opportunity Satisfaction

Transformation leadership inspires commitment of staffs to the organization. When staffs are committed to their organization, staff turnover is not a problem as staff are hopeful of career progression within the organization. Table 8 shows that 69.3% of the respondents either agree or strongly agree with the statement that they are satisfied with the opportunity of getting a better job in the organization

Table 8: Job Opportunity Satisfaction

	Frequency	Percent	Valid Percent
Strongly disagree	7	2.3	2.3
Disagree	22	7.2	7.2
Moderately agree	65	21.2	21.2
Agree	133	43.5	43.5
Strongly agree	79	25.8	25.8
Total	306	100.0	100.0

4.4 Correlation Analysis

Correlation analysis was carried out to detect the association between organizational performance and staff satisfaction. The mean score for the independent variable was calculated and the Pearson's correlation obtained using SPSS. The results on Table 9 indicated that organizational performance of micro-finance institutions was positively and significantly related to satisfaction of micro-finance staff ($r=0.170$, $p=0.03<0.05$).

A study by Sila (2014) concluded that staff satisfaction in their jobs at Kenya Women Finance Trust contributed by staff promotions and opportunities for personal growth led to better performance of the staff at work. This was consistent with the findings of the current study. Bushra and Naveed (2011) in their study of how transformational leadership influences staff satisfaction and commitment found a positive and significant relationship between transformational leadership, which is characterized by the followers believing in the leaders vision, and staff productivity and organizational performance.

Table 9: Correlation Analysis

		Staff Satisfaction
Staff Satisfaction	Correlation	1.000
	p-value	
Organizational performance	p-value	.000
	Correlation	.170
	p-value	.003*

4.5 Regression Analysis

The relationship between staff satisfaction and organizational performance was established by conducting the regression analysis. Table 10 shows the results obtained when a model with one predictor variable, staff satisfaction is fitted to the data and used to predict staff performance. The results show that staff satisfaction as an outcome of transformational leadership accounts for 2.9% of the variance in staff performance.

Table 10: Model fitness

Variable	R	R Square	Adjusted R Square	Std. Error of the Estimate
Coefficient	.170	.029	.026	.48299

Table 11 provided the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. Additionally, the results imply that staff satisfaction was a predictors of organizational performance. This was supported by an F statistic of 8.996 and the reported p value (0.03) which was less than the conventional probability of 0.05significance level.

Table 11: Analysis of variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.099	1	2.099	8.996	.003
Residual	70.917	304	.233		
Total	73.016	305			

The regression coefficients of the model were presented in Table 12. The results show that staff satisfaction had a positive and significant effect on staff satisfaction, ($r=0.104$, $p=0.03<0.05$). This means that for every unit increase in staff performance, there is a corresponding increase of 0.104 units in staff performance.

This finding agrees with that of Mayfield and Mayfield (2010) who found out that leadership model and the dyadic relationship that exist between a leader and the follower determine the satisfaction levels and have positive relationship with staffs' outcomes. This brings a question which affect the kind of relationship that exist. Does job satisfaction yield performance or does performance brings about job satisfaction? Mayfield and Mayfield (2010) tends to see job

satisfaction more of a moderating factor towards performance. There thus exists a gap in finding out the direction of this relationship which this study seeks to unveil.

The specific model was:

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

Where X is staff satisfaction.

Table 12: Regression Coefficients

Variable	B	Std. Error	t	Sig
(Constant)	2.597	.129	20.076	.000
Satisfaction	.104	.035	2.999	.003

4.5 Hypothesis Testing

The null hypothesis of the study was that staff satisfaction does not influence their performance in microfinance institutions in Kenya. The acceptance/rejection criteria was that, if the p value is less than 0.05, we reject the H_0 but if it is more than 0.05, then H_0 is not rejected. Therefore, the null hypothesis was that Staff satisfaction does not influence their performance in microfinance institutions in Kenya. Results in Table 12 shows that the p-value was 0.03. This was supported by a calculated t-statistic of 8.996 which is larger than the critical t-statistic of 1.96. The null hypothesis was therefore rejected. The study therefore adopted the alternative hypothesis that staff satisfaction influenced the organizational performance in microfinance institutions in Kenya.

This finding is consistent with that of Robins (2010) who observed that job satisfaction was related to feelings that one had on the job. These feelings determine how much a person dedicates to work. Performance at work depends not only on the presence at work but the level of engagement (Guay2013) and as Huay *et al.*, (2009) indicate job satisfaction determine the level of absenteeism, the motivation towards grievance expression and tardiness. The level of morale determines the turnover levels as well as quality at work. This can be related to Kerry's followership model which explains the alienated followers, sheep, survivors and the active followers based on the level of action and critical thinking. Huay *et al.*, (2009) found a high correlation between job satisfaction and performance. This agrees with Jordan (2011) who looking at emotional intelligence and job satisfaction felt performance in organizations to relate positively with job satisfaction. Powell (2011) in a study of nonprofit institutions found that the more satisfied a firm staffs are the more likely that they are going to be innovative and the higher the institution will be able to meet their goals.

5.0 Conclusions

The study concluded that staff satisfaction had a positive and significant impact on the performance of staff in micro-finance institutions in Kenya. The study rejected the null hypothesis and concluded that staff satisfaction influences the performance of staff in micro-finance institutions in Kenya. Leadership effectiveness and satisfaction has been subject of study effectiveness correlating highly with satisfaction, however (Sun & Leithwood, 2015) found out that satisfaction with a leaders was a matter of perceptions and this depended on the reception the

follower had on the leader which is individual in nature. Given the nature of work in Microfinance it is important for leadership to go a whole length of ensuring the staff feel satisfied.

6.0 Recommendations

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

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