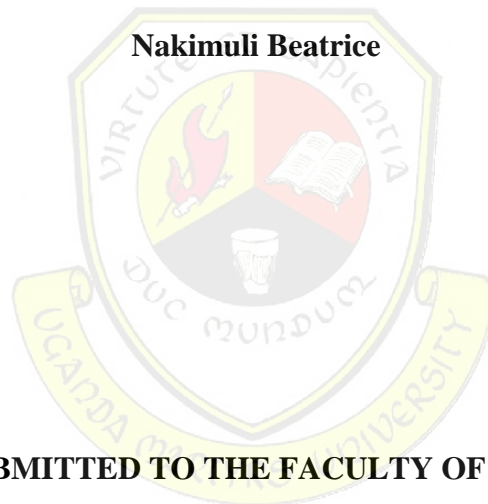


**THE ROLE OF MANAGEMENT STYLES ON THE PERFORMANCE OF
MICROFINANCE INSTITUTIONS**

A case study of Pride Microfinance Limited (PML)

By



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DEDICATION

This piece of work is dedicated to all the people who have been so great to my life: My Parents Mr& Mrs Bakka and Brothers who supported me financially, morally and spiritually when things were tough. Not forgetting my friends who have always been there for me.

May the Almighty God bless you all!

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Special thanks go to my parents for their parental love, sacrifice, and support. May God bless you abundantly.

I wish to express my sincere gratitude to all my friends, who have worked with and helped each other throughout this course.

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May Almighty Lord bless you all abundantly!!

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LIST OF ABBREVIATIONS

AMFIU: Association of Micro Finance Institutions in Uganda

CEO: Chief Executive Officer

MFI: Microfinance Institutions

OCBs: Organizational Citizenship Behaviours

PMFL: Pride Microfinance Limited

ROA: Return on Assets

ROE:Return on Equity

SACCOs : Savings and Credit Comparatives Organization

SPSS: Statistical Package for Social Sciences

U.S: United States

USAID United States Agency for International Development

ABSTRACT

The study examined the role of management styles on the performance of microfinance institutions, (MFIs) a case study of Pride Microfinance Limited. The Specific objectives included to establish the impact of Democratic Management Styles on performance of MFIs, establish the Autocratic Management Styles on performance of MFIs and establish the Persuasive Management Styles on performance of MFIs. The study adopted a case study research design using both qualitative and quantitative research paradigms and targeted the employees from Pride Microfinance Limited, sampling a total of 40 (forty) respondents. The study used questionnaires and interviews to collect data which was analyzed and presented in tabular forms as percentage and frequencies, means and standard deviation. The study revealed that leaders consult employees in groups and solicit opinions from them and in decision making and that all stakeholders are involved in identifying the issues and finding solutions to the complex problems. It was also revealed that participation of subordinates develops a sense of confidence among the workers leading to job satisfaction which leads to creativity. Further, autocratic leadership, helps to clarify everyone's roles and responsibilities and that autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes. It can also be noted that persuasive leadership style focuses on the development of value system of employees, and that subordinates are able to achieve their goals working in the organizational setting. It was also revealed that subordinates are encouraged to be expressive and adaptive to new and improved practices and changes in the environment and that they are able to articulate an appealing vision of the future by communicating ideologies and leading through examples. Finally, recommendations include: leaders should listen to the employees with an open mind and implement an open-door policy. This is because a good leader listens and reacts decisively and in a fair way. This is based on the idea that leaders provide a role model for the critical behaviors they want to see from their followers. It is also recommended that the leadership should improve leadership style by setting examples. That is by “practicing what they preach”

CHAPTER ONE:

GENERAL INTRODUCTION

1.0 Introduction

This study was about the impact of Management styles on the performance of microfinance institutions, a case study of Pride Microfinance Limited. This chapter presented the background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, Research Hypothesis, scope of the study, Justification of the study, Significance of the study, Conceptual framework and operational definition of terms and concepts. The word microfinance is being used very often in development vocabulary today. Although the word is literally comprised of two words: micro and finance which literally mean small credit; the concept of microfinance goes beyond the provision of small credit to the poor.

1.1 Background of the Study

In the global arena there was already the impression that microfinance are successful in reducing poverty. Many policy makers were therefore engaged on how to make microfinance sustainable and available to many poor households in the future. Many stake holders in the microfinance industry especially donors and investors argue that, “Microfinance can pay for itself, and must do so if it is to reach very large numbers of poor households” (CGAP). The overall message in this argument was that unless microfinance providers charge enough to cover their costs, they would always be limited by the scarce and uncertain supply of subsidies from governments and donors.

The main underlying assumption in this argument was that microfinance was already good for the clients, and therefore what was really urgent was to make the financial service available to as many poor people as possible (Morduch 2000).

Christen (1997) defines microfinance as 'the means of providing a variety of financial services to the poor based on market-driven and commercial approaches' (Christen 1997)¹. This definition encompasses provision of other financial services like savings, money transfers, payments, remittances, and insurance, among others. In 1983, a 43 year-old man from South Asia pioneered one of the most unique developmental policies.

This policy was called microfinance, and its pioneer was Muhammad Yunus. In the late 1970's, after returning from the U.S. where he obtained his Ph.D. in economics, Yunus started an organization called Grameen Bank. Back in his hometown in Bangladesh, Yunus saw the extreme poverty in his country. Yunus was angry with the formal institutions (e.g. the World Bank, commercial banks) who had failed to help his fellow citizens. Yunus believed that formal institutions "pronounced a death sentence on the poor" because they "rejected the poor as unworthy of credit," imposing a "financial apartheid" (Yunus, 1999, p. 149). Yunus decided he would help the poor by stepping outside of the formal institutions and providing small loans without collateral to groups of 5 borrowers; this became known as the Classical Grameen model.

One village bank (of several groups of borrowers) grew to two, and two grew to three, until Grameen Bank became one of the largest microfinance organizations in the world. Yunus classical Grameen model came to be known as "microfinance" (Kirsten 2012).

Formal Microfinance began in Uganda in the early 1990's when FINCA and Uganda's Women Finance Trust (now Uganda Finance Trust, Ltd) began offering microcredit loans. The early

development of the sector was supported by such entities as USAID and PRESETO/Center for Microfinance which provided training and workshops to the microfinance institutions in the industry. The Association of Microfinance Institutions of Uganda (AMFIU) now operates to support a sustainable network of microfinance institutions and publishes a directory containing information about the most reputable microfinance institutions (MFI Census Report 2010).

1.2 Problem Statement

Management style matters because it can exert a powerful influence over people, organizations, policies and performance (Samuels, 2001). In microfinance institutions, management style is seen as an important element in determining their performance.

However, at Pride Microfinance Limited, the performance of the institution had declined. This was evidenced by less number of loans given to people in 2014 compared to 2013 and 2012 (PML Annual report 2014). There was less number of new accounts registered and annual profits in the financial year 2013/2014 reduced by 9.7%. Some employees had resigned owing to the fact that their views were not considered in the organization. However, the management had tried to introduce new management styles where employees can participate in the decision making. Some employees had been trained on the new management systems.

Therefore the research was to try to investigate the relationship between management styles and the performance of micro financial institutions.

1.3 General Objective

The purpose of this study was to investigate the role of management styles on the performance of microfinance institutions, (MFIs) with a case study of Pride Microfinance Limited.

1.4 Specific Objectives

- i. To establish the impact of Democratic Management Styles on performance of MFIs
- ii. To establish the Autocratic Management Styles on performance of MFIs
- iii. To establish the Persuasive Management Styles on performance of MFIs

1.5 Research Questions

- i. What was the impact of Democratic Management Styles on performance of MFIs?
- ii. What was the impact of Autocratic Management Styles on performance of MFIs?
- iii. What was the impact of Persuasive Management Styles on performance of MFIs?

1.6 Research Hypothesis

Management styles do not have significance on the performance of microfinance institutions.

1.7 Significance of the study

The results of the study is hoped to be useful in the following ways;

The proposed research will help the researcher in understanding the sound management principles and how these have been in the organizations to ensure effective performance and how the absence of sound management affects the performance of the microfinance institutions. The study is of vital use to the microfinance institutions like the Microfinance support center as it

helps them to understand the impact of sound management on their performance and also goes further to establish the other factors that affect the performance of the microfinance institutions. The study will help add literature to study related to management styles and performance of microfinance institutions. Future researchers will use findings from the study to do their research.

1.8 Justification

A lot of research about microfinance in developing countries has been done by Christen, (1997); Khandker, (1998); Hashemi, Schuler, & Riley, (1996) but little has been done on how it is related to management styles. Decline in performance of PML had been intervened by introducing different management styles but the performance status had not changed. Therefore there was need to determine the impact of management styles on the performance of microfinance institutions using PML as a case study.

1.9 Scope of the work

1.9.1 Geographical Scope

The study was mainly carried out at Pride Microfinance which is located in Victoria Business Park, in Bukoto, a northeastern neighborhood in Nakawa Division, an administrative area within Kampala, Uganda's capital and largest city. This location is situated approximately 6.5 kilometres (4.0 mi), by road, outside the city's central business district Kampala in Central Uganda.

1.9.2 Content Scope

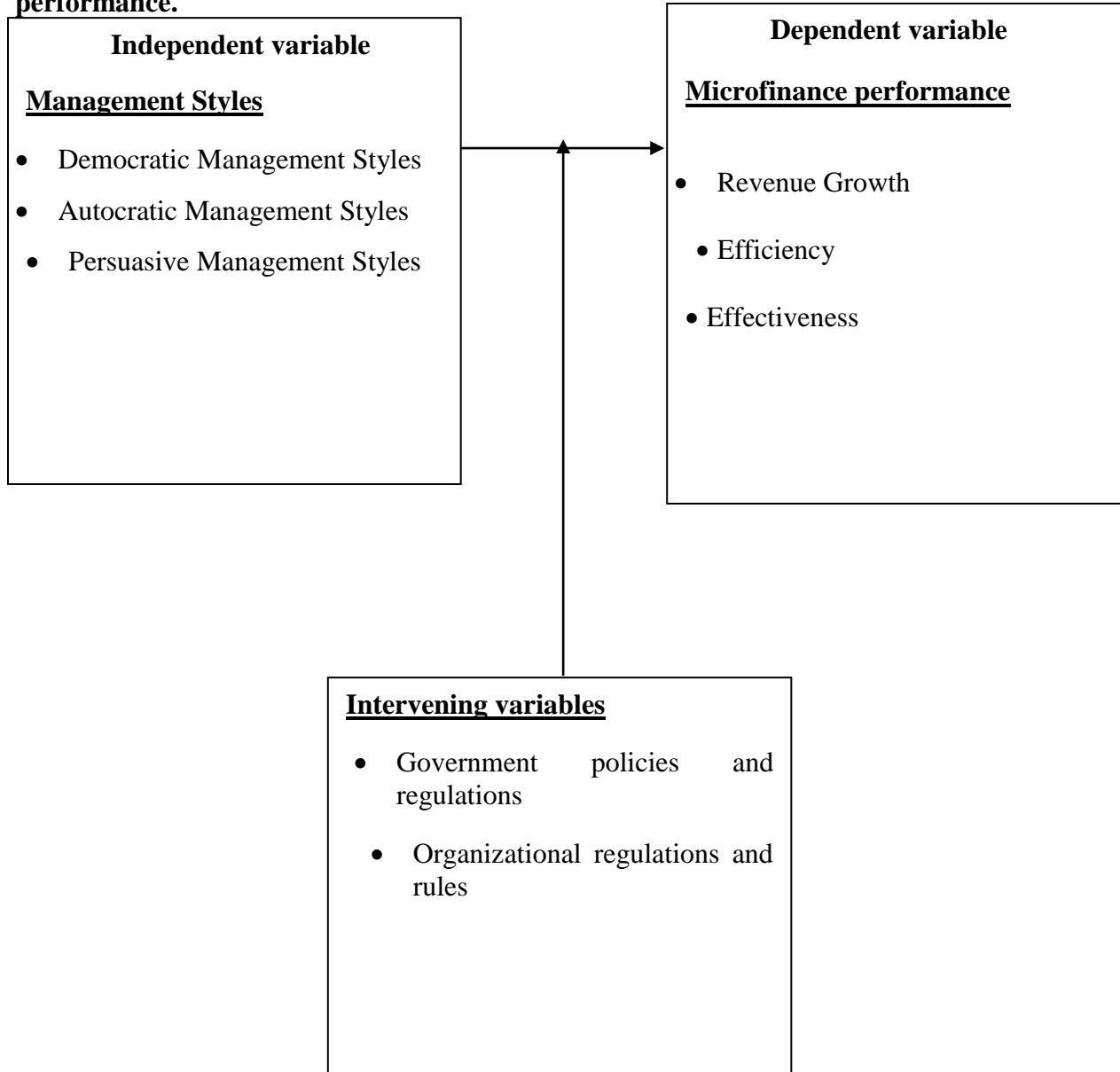
The content of the study was composed of two variables, management style which was the independent variable and performance of microfinance institutions which was the dependent variable.

1.9.3 Time Scope

A study about Pride Microfinance limited was between the years 2005 and 2015 which is 10 years. This gave the researcher enough time to review the performance of the institution in the microfinance industry.

1.10 The Conceptual Framework

Figure 1. 1: Conceptual framework of the role of Management Styles on Microfinance performance.



Source: Adopted from and modified from Ledgerwood (2002)

A conceptual framework is a structure of what has been learned to best explain the natural progression of a phenomenon that is being studied (Camp, 2001). A conceptual framework is the cognitive tool needed to make assertions and supporting knowledge claims, and guides the

profession toward action (Rojewski, 2002). Independent variable is that factor which is measured, manipulated or selected by the experimenter to determine its relationship to an observed phenomenon whereas a Dependent variable is that factor which is observed and measured to determine the effect of the independent variable, (Newman, 2005; Amin 2005; Yin, 1006; Sarantakos, 1998). The research constituted of three variables of which two are major. The independent variable is management styles and the dependent is performance of microfinance institutions. Management styles are characterized by democratic Management Styles, Autocratic Management Styles and Persuasive Management Styles. On the other hand, Microfinance performance has indicators such as Revenue Growth, Efficiency and Effectiveness. However, there are moderating/ Intervening variables that affect the relationship between management styles and microfinance performance and these include, Government policies and regulations and organizational regulations and rules.

1.11 Definition of terms

Microfinance;

According to Elahi and Danopoulos, (2004) microfinance is defined as “the attempt to improve access to small deposits and small loans for poor households neglected by the banks, “mainly commercial banks.

Management styles;

Refers to effective methodologies and adequate management and coordination capacity necessary for the success of institutions and these include having the right policies in place to foresee the implementation and achievement of the organization’s objectives.

Performance;

Performance refers to the ability of an enterprise to attain its predetermined objectives and be in place to access the financial resources.

Microfinance Products;

These refer to the financial services or products that are provided by the microfinance institutions to cater for the different needs of their clients and these may include money transfer, loan extension, healthcare schemes and price protection for coffee farmers and salary based loans.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter concentrates on the review and evaluation of the role of management styles and the performance of microfinance institutions. This chapter covers the literature review and summary of the reviewed literature based on the following objectives; to establish the impact of Democratic Management Styles on performance of MFIs; to establish the Autocratic Management Styles on performance of MFIs; to establish the Persuasive Management Styles on performance of MFIs

2.1 The impact of Democratic Management Styles on performance of MFIs

Arnold, et al., (2007) noted democratic style of leadership also known as democratic leadership is management style in which leaders consult the group and solicit opinions and participation in decision making. They confer authority to the group and after their consultation, decision are taken (Auntry, 2005). Effective leaders manage diverse and multi-faceted organizations by making good decisions (Tara, 2005). This behaviour typically increases job satisfaction, employee retention and skill development for the entire staff. He further noted that, leaders who use democratic approaches to solving problems tend to benefit from involving stakeholders in identifying the issues and finding solutions to the complex problems. This helps them get things done through others and assuring them of a continued support in future. According to Smith (2002), participation of subordinates leads to creativity and develops a sense of confidence among the subordinates leading to job satisfaction.

According to Bass, (2004), Democratic leaders retain their leadership role by making informed decisions that keeps the company successful. Barnard, (2007).asserts that by asking for input from subordinates, they get relevant data to analyse and are able to identify trends in their industry. Thus, they learn how to take actions that manages daily operations more efficiently. This ensures a long term impact as well as balancing performance against threats that may oppose growth. Barlett, et al., (2005), points that in handling risk, leaders are supposed to handle company's operations by encouraging subordinates to handle uncertainty, face adversity with composure, understand others by showing empathy and maintaining performance. They develop their skills and knowledge by studying behaviour of successful managers in completing specific tasks that will help them achieve higher performance in attaining their set objectives. In his work, William, (2005), says that democratic leaders recognize that building relationships and establishing effective team usually leads to sustainable creative solutions to performance

Bryman, (2009) cited that the motivational model holds that more opportunities to participate in decision making provides subordinates with greater intrinsic rewards from work and higher levels of psychological empowerment (Spreitzer, 2005), which may result in improved work performance. The exchange based model asserts that since democratic leadership behaviour sends a message that the superior has confidence, concern and respect for the subordinates and such leadership behaviour is likely to foster higher levels of trust in the superiors (Dirks, 2006). As a result, subordinates are likely to reciprocate in the same to their superiors as well as their organization by exhibiting higher level of work performance (Cohen, 2006). To date, the majority of studies have used the motivational and ex-change based models interchangeably to explain the association between democratic leadership behaviour and work behaviour (Mulki, et al., 2007). In the empowerment literature, democratic leadership behaviour has been

predominantly treated as a source of intrinsic motivation and psychological empowerment (Lee et al., 2005).

Bennis and Nanus, (2008) describe democratic leadership as one where decision- making is decentralized and shared by subordinates. The potential for poor decision- making and weak execution is, however, significant here. The biggest problem with democratic leadership is its underlying assumption that everyone has an equal stake in an outcome as well as shared levels of expertise with regard to decisions (Blau, (2004). That is rarely the case. While democratic leadership sounds good in theory, it often is bogged down in its own slow process, and workable results usually require an enormous amount of effort. In the organizational justice literature; however, the same leadership behaviour has often been seen as a type of procedural justice which fosters trustful exchange between supervisors and subordinates (Colquitt et al., (2006). Research has shown that employee job level may influence perceptions of democratic leadership behaviour. For instance, past studies have suggested that while employees in higher positions tend to attach more value to sense of control and autonomy, lower level employees such as clerical staff and front-line place more emphasis on the quality relationships with colleagues and supervisors (Cooper, 2007).

Research on attribution theory and social information processing theory suggests that due to their differences in work related values and needs, managers and employees may interpret the same organizational practice and react to information related to such practice in qualitatively different ways (Cha, 2006). Based on such views, it is possible that democratic leadership behaviour may be linked to work performance through different mechanisms for subordinates at different hierarchical levels. Democratic leadership has often been regarded as a way to empower employees by practicing managers. When democratic leadership can effectively improve the

work performance of low-level employees and managers may assume that empowerment works which may cause misunderstanding of the needs of these non-managerial subordinates (Corvellec, 2008).

According to David, (2008), democratic leadership may influence work performance through generating high levels of trust in their immediate supervisors rather than inducing psychological empowerment. Thus, a lack of understanding of the mechanisms of how democratic leadership influences performance may cause misinterpretation of the function as well as the usage of democratic leadership in practice, providing no reliable guidance for practitioners to develop appropriate training and intervention practices that help managers to exercise democratic management for different levels of employees (Deci, 2009).

The motivational model posits that increasing the degree in which subordinates participate in decision making may increase performance through enhanced motivation (Senior, 2006). Prior research suggests that the democratic behaviour of superiors plays a vital role in providing subordinates with experience of intrinsic motivation, feelings of self-worth, and a sense of self-determination (Deci, et al. 2009). This type of leadership behaviour tends to foster the feelings of psychological ownership of subordinates increase feelings of self-efficacy, control, and reduce their sense of powerlessness (Arnold, 2004). Psychological empowerment has been conceptualized as a form of intrinsic motivation to perform tasks manifested in four cognitive dimensions: meaning, impact, competence and self-determination (Conger et al.,2004). Accumulating empirical evidence shows that participating leadership behaviour is associated with increased work outcome through induced intrinsic motivation and psychological empowerment.

The results of meta-analysis conducted by Eby, et al., (2006) revealed that intrinsic motivation mediates the link between the democratic management behaviour of supervisors and the organizational commitment of employees. Moreover, Koberg, (2008) found that, among other factors, leader approachability was positively related to psychological empowerment which leads to increased self-rated productivity. Some studies also demonstrate that psychological empowerment could mediate the link between democratic climates, work attitudes and performance (Careless, 2004). Recently, Ahearne, (2005) has shown that democratic leadership behaviour helped to increase salesperson's self-efficacy which in turn was associated with sales performance and their customer service satisfaction.

Democratic leadership induces extra-role work behaviour such as Organizational Citizenship Behaviours (OCBs) through its effect on psychological empowerment. When employees engage in intrinsically motivating tasks, they may find the performance of job-related activities to be more rewarding and as a result, they are motivated to exert greater effort to achieve their task objectives Organ (2006). Indeed, empirical OCB research has generated some highly consistent results showing that intrinsically motivating tasks are more conducive to citizenship behaviours. John, (2010), argued that it is plausible that democratic leadership behaviours may induce feelings of meaningfulness, sense of ownership and responsibility for work outcomes. As a result, employees will be willing to do whatever it takes to make the organization successful.

Blau, (2004), suggests that when employees are treated well by superiors, they are more likely to reciprocate the same by showing high level of performance or even by putting extra effort to contribute to their organization (Blau, 2004). The degree of employee trust in their immediate supervisors has often been used to indicate the quality of reciprocal relationship between supervisors and subordinates (Zallars, 2003). Democratic leadership behaviour could make

employees feel their superiors treat them with fairness (Etzioni, (2007).), consideration (Drucker, 2004).), respect and dignity (Fiedler, et al., (2008), which are conducive to high level of trust in superiors. With a high level of trust in supervisor, the employee is more likely to make efforts to accomplish work tasks and exhibit citizen behaviours.

Democratic management style leads to higher level of job satisfaction (Bass, 2004). Hater, (2005) found that democratic leadership style related positively to employees' job satisfaction and commitment in federal organisations in Western Australian, while in contrast, Rad and Yarmohammadian (2006) found no relationship between leadership behaviours and employee job satisfaction in Isfahan University Hospitals in Iran, where a democratic leadership style was prevalent. Furthermore, Erkutlu, (2006) found that laissez-faire leadership style in a boutique hotel led to negative results in organizational performance such as low satisfaction, high stress, and low commitment by followers

2.2 The Autocratic Management Styles on performance of MFIs

Effective autocratic management style is characterized by management giving objectives to employees without asking them for their input and providing to them rewards for good performance, and punishment for poor performance. (Bass, 2004) Autocratic leadership, present in many businesses, may help clarify everyone's roles and responsibilities, and because team members are judged on performance, ambitious people motivated by external rewards often thrive. Some of its measures can also de-motivate employees. For example, it doesn't offer much in terms of inspiration, to motivate people to go beyond the basics; therefore employees might get complacent and develop a tendency to achieve minimal expectations that only would help them avoid penalties (Bass, 2006). Fiedler, (2008) observe that if managers do not effectively follow-up on the contingent reward promises, they display behavioural inconsistency and are therefore viewed as ineffective leaders. Bass, et al. (2003) mention that autocratic leaders are counterproductive in an evolving work environment. Likewise, Howell and Avolio's (2004) study suggests that autocratic leadership style is negatively related to unit performance

Bass and Avolio (2004) described autocratic leadership style as being based on traditional bureaucracy authority and legitimacy. Autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes by promising them rewards and benefits for the accomplishment of tasks (Bass, 2000). Bass (2000) described autocratic leader relationship with the subordinates as having three phases. Firstly, he recognizes what subordinates want to get from their work and ensures that they get what they want given that their performance is satisfactory. Secondly, rewards and promises for rewards are exchanged for employee's efforts. Lastly, the leader responds to his employee's immediate self-interest if they can be met through

completing the work. Autocratic leaders are those leaders who implement structures and are understanding towards their employees (Senior, 2006).

In his work, Bass (2000) indicates that autocratic leaders generally reflect on how to marginally improve and maintain their performance, how to replace one goal to another, how to reduce resistance to particular actions and how to execute decisions. This form of leadership emphasizes the clarification of goals, work principals and standards, assignments and equipment (Fiedler, 2008). Autocratic leaders focus their energies on task completion, compliance and it depends on organizational rewards and punishments to influence employees performance, reward being contingent on the followers carrying out roles and assignments as defined by the leader (Bass and Avolio,2000; Mester, 2003). In other words, the leader rewards or disciplines the follower depending on the adequacy or inadequacy of the followers performance (Senior, 2006)

The autocratic leader is known to change promises for votes and works within the framework of the self-interest of his or her consistency (Jung, 2004). The autocratic leaders pursues a cost-benefit, economic exchange to meet subordinates' current material and physical needs in exchange for contracted services rendered by the subordinates. Therefore, autocratic leaders are thought to have an exchange-based relationship with their followers (Senior, 2006). Bass (2005) suggests that autocratic leader uses satisfaction of lower order needs as the principal basis for motivation. The focal point of autocratic leader is on role elucidation. The leader assists the follower in understanding precisely what needs to be achieved in order to meet the organization's objectives (Kramer, 2007).). Leaders who display an autocratic leadership style define and communicate the work that must be done by their followers, how it will be done, and the rewards their followers will receive for completing the stated objectives (Avolio 2006,). Autocratic

leadership occurs when the leaders approach followers either to correct a problem or to establish an agreement that will lead to better results.

Additionally, autocratic leadership concerns the style of leadership where the leader makes work behaviour more instrumental to followers to reach their own existing goals while concurrently contributing to the goals of the organizations (Tichy, 2006). In a stable environment, autocratic leaders manage what they find and leave things much as they found them when they move on (Howell et al., 2007). However, the current competitive business environment requires a new style of leadership in order to ensure the organization's survival and performance, namely persuasive leadership (Brand, 2000).

Cummings, and Schwab (2005) found that size of board, remuneration of director and directors' independence influenced negatively the social performance of MFIs in Kenya. The same way, Corvellec, (2008) revealed that factors which improved the financing performance (ROE), sustainability and outreach of MFIs included rating by an external agency, managerial pay and independence of boards. However, the factors which affected negatively the MFIs performance, outreach and sustainability were audited financial statements probably because they overestimated income, expatriates possibly because they brought easy donation or grants and boards with higher proportion of insiders because they encouraged the non-active borrowers and hence the MFIs scored poor figure of ROA. Etzioni, (2007) found that firm's performance was positively influenced by board and audit committee size while it was negatively influenced by meeting frequency in Srilanka. Fang, (2005) found that MFIs social performance in Kenya was positively influenced by CEO non duality, experience and overall leadership characteristics.

According to David, (2008) Autocratic leaders are classic “do as I say” types. Typically, these leaders are inexperienced with leadership thrust upon them in the form of a new position or assignment that involves people management. Autocratic leaders retain for themselves the decision- making rights. They can damage an organization irreparably as they force their ‘followers’ to execute strategies and services in a very narrow way, based upon a subjective idea of what success looks like. There is no shared vision and little motivation beyond coercion. Commitment, creativity and innovation are typically eliminated by autocratic leadership. In fact, most followers of autocratic leaders can be described as biding their time, waiting for the inevitable failure this leadership produces and the removal of the leader that follows (Hunt, (2004).

2.3 The Persuasive Management Styles on performance of MFIs

According to Deci, (2009), Persuasive leadership style focuses on the development of value system of employees, their motivational level and moralities with the development of their skills (Cooper et al., (2006). It basically helps followers achieve their goals working in the organizational setting; it encourages followers to be expressive and adaptive to new and improved practices and changes in the environment (Bass, 1994). Bass further explains that such leadership motivates followers; it moves people beyond self-interests and allows them to focus on the good of the group or society (Cooper. 2006).

Bryman, (2009) cited that persuasive leaders are able to articulate an appealing vision of the future by communicating ideologies and leading through example. This leadership tends to improve the team's morale and motivates the team members (Chen, 2007). The study conducted by Fiedler, (2008) concluded that the degree of persuasive leadership (charisma, intellectual stimulation, and individual consideration) in a branch manager had a direct impact on the business unit's performance (Judge, 2006).

Persuasive leadership has emerged as one of the most extensively researched leadership paradigms to date (Bass, 2004). Persuasive leadership concerns the transformation of follower's beliefs, values, needs and capabilities (Campbell, et al., 2005). Persuasive leadership teaches their followers to become persuasive leaders in their own right. Persuasive leaders encourage subordinates to adopt organizational vision as their own through inspiration. In addition, it is widely accepted that persuasive leadership occurs when people engage with each other in such a way that leaders and followers raise each other's levels of motivation (Blau, 2004)

Furthermore, persuasive leaders attempt to elevate the needs of the followers in line with the leaders own goals and objectives. Persuasive leadership communicates a vision that inspires and motivates a person to achieve something that is extra-ordinary. Hughes, (2004) believes that persuasive leadership also has the ability to align the people and system so that there is integrity throughout the organization. Moreover, leaders are responsible for motivating their employees to go beyond ordinary expectation by appealing to their higher order needs and moral values. This leadership has consistently shown advantages on a range of individual and organizational outcomes such as objectives and performance (Amos, 2004). Through setting more challenging expectations and raising levels of self and collective efficacy, such a leadership style typically achieves significantly higher performance and commitment levels from their employees (Antony, 2006).

According to Arnold, (2007) persuasive management style is considered to be the most successful and valued trait- driven leadership style. Charismatic leaders have a vision, as well as a personality that motivates followers to execute that vision. This style provides fertile ground for creativity and innovation, and is often highly motivational. However, a problem arises when they leave the organization it can appear rudderless and without direction for long because charismatic leaders rarely develop replacements. Their leadership is based upon strength of personality. As a result, charismatic leadership usually eliminates other competing, strong personalities (Arnold, et al., 2007).

Barling, (2006) cited that while persuasive leadership inspires common goals and inspirations that tend to transcend followers individual needs and results in the attainment of major transformation in work-place effectiveness, it would be narrow-minded to view persuasive leaders as the exclusive participants in the process of leaders-follower exchanges. Persuasive

leadership extends autocratic leadership to attain higher level of subordinates performance but achieves addition by utilizing various motivational methods and diverse types of objectives and goals (Bass, 2004)

Barling, (2006) found that subordinates organizational commitment was positively correlated with persuasive leadership behaviors of supervisors. Empirical literature indicates that persuasive leadership is positively connected with leader effectiveness. Research by Orodho (2004) shows evidence that persuasive leadership is an extension of autocratic leadership and therefore these two leadership styles are not mutually exclusive as a leader may display a varying degree of autocratic or persuasive leadership (Bass, 2004)

Scholars assert that persuasive management enables the efficient utilization of MFIs resources and hence is very vital for promoting the MFIs or SACCOS' financial performance (Barlett, 2005). Moreover, scholars assert that the persuasive management also promotes outreach, efficiency and sustainability of the MFIs (Auntry, 2005).). Furthermore, most scholars assert that the MFIs corporate governance variables which influence the MFIs performance, outreach and sustainability include size of the board, gender diversity, board members composition (internal vs. external), external facilitation variables (expatriates, grants, auditing, rating), loans lending methodology, remuneration and skills adequacy (Booyser, 2004).

Various scholars have revealed the influence of corporate governance on MFIs performance. Barlett, (2005) argued that persuasive management practices promote the social and financial sustainability of MFIs and reduces risks. Corvellec, (2008) argued poor persuasive management has led to commercialized MFIs in Andhra Pradesh in India to cease because of unethical business practices. They further argued that poor corporate governance has led to disbursement

of loans without considering the creditworthiness of the clients, lack of loans portfolio diversification, poor Management Information and accounting systems and inadequate staff control which permitted the loan officers to handle high amounts of cash which have lead to frauds and embezzlement of funds. Eby, et al., (2006) revealed that good governance in MFIs defines the roles of the management, preserve a positive image and attract customers and hence increases the financial performance of the MFIs. They stressed that transparency promotes sound decision making and hence attract investors and donors

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter dealt with the methods and tools the researcher used in data collection and analysis. It described the research design that was used by the researcher, data sources and collection tools, processing, analyzing and the challenges that the researcher faced.

3.2 Research Design

The study used a case study design considering both quantitative and qualitative approaches using structured questionnaires and interviews. These approaches were used to ensure generation of statistics as well as to capture in-depth information regarding contribution of selection process of employees and organizational performance. The study used a case study design approach considering both quantitative and qualitative approach using structured questionnaire, and interviews. Data was collected using mainly interviews and questionnaires. Interviews are a basic device in tapping participant's attitudes and opinions. Closed form of questionnaire were used to generate responses and data for analysis

3.3 Area of the Study

The study was mainly carried out at Pride Microfinance which is located in Victoria Business Park, in Bukoto, a northeastern neighborhood in Nakawa Division, an administrative area within Kampala, Uganda's capital and largest city. This location is situated approximately 6.5 kilometres (4.0 mi), by road, outside the city's central business district Kampala in Central Uganda.

3.4 Population of Study

The population of the study included the management of Pride Microfinance and employees themselves.

3.5 Sample Size and Sampling Techniques

3.5.1 Sample Size

A total of 40 respondents were selected using the probability simple random sampling method, and non-probability methods of purposive sampling criteria.

Table 3. 1; Showing Samples Size Categories

	Category	Population	Sample size	Sampling Technique
	Management	5	4	Purposive
	Other employees	40	36	Simple random sampling
	Total	45	40	

Source: Pride Microfinance payroll report, (2014)

3.5.2 Sampling Techniques

The researcher used both purposive and simple random sampling for selecting respondents. Employee respondents were randomly selected because of their large population while purposive sampling was subjected to the management since they also had relevant information regarding this topic under investigation.

3.6 Data collection methods and instruments

The researcher used both primary and secondary sources of data collection for the study. In using primary sources, the researcher used a number of methods namely interviews, and

questionnaires. Secondary data collection was done by reviewing books, journals and company records. This helped the researcher to access all the relevant information.

3.6.1 Questionnaires

These were a formulated written set of questions that were used to obtain information about the study objectives from selected respondents. Questionnaires were used to collect quantitative data, from the respondents. The researcher formulated a structured questionnaire guide for the key informants that comprise of the employees of Pride Microfinance Ltd. The questionnaire was divided into sections in line with the study objectives. The use of questionnaires enabled the researcher to get information from respondents easily and at a low cost.

3.6.2 Face to Face Interviews

Interviews are open ended questions often administered to key informants so as to give them wide latitude to talk about the subject. The researcher conducted oral face to face interviews with the management. The interviews provided an opportunity for the researcher to interact directly with the respondents. The researcher used an interview guide to collect the data from the targeted respondents and all responses were captured by the researcher herself. The interview guide was used to collect qualitative data to supplement the information that was obtained from the questionnaires

3.7 Quality Control

To ensure methodological reliability and validity, the researcher designed questionnaires and interview guides in line with the objectives of the study. The questionnaire was subjected to expert face validity and theoretical content validity tests. A content validity index (CVI) is an indication of the degree to which the instrument corresponds to the concept it is designed to measure. The validity was established by computing the content validity index whose formula is;

$$CVI = K/N$$

CVI= Content Validity Index

K =Number of items considered relevant/suitable

N = Number of items considered in the instruments

A minimum CVI of 0.7 will be employed as recommended by (Amin, 2005).

Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2005). Mugenda & Mugenda (2003) stresses that a coefficient of 0.80 or more implies that there is a high degree of reliability of the data, and that's what the researcher adopted.

3.8 Data Management and Processing

The data was examined to extract the themes and sub-themes in relation to the research objectives, and then used to describe and explain role of management styles on the performance of microfinance institutions. A criterion for evaluating the performance was determined by analyzing the descriptive answers from each respondent. Answers about how management styles affects the performance of microfinance institutions, was established and recorded. Discussions were based on identified themes. Findings were measured in percentages (%). The aspects were grouped according to themes and tallied into frequency counts and then percentages, means and standard deviations were calculated

3.9 Data Analysis Techniques

3.9.1 Quantitative Data Analysis

The quantitative data collected by use of questionnaires that were edited, coded and later analyzed by use (SPSS Version 16) Statistical Package for Social Sciences) of tables, pie charts and graphs. The researcher thereby determined the role of management styles on the performance of microfinance institutions.

3.9.2 Qualitative Data Analysis

Qualitative data analysis involved identification and transcribing the qualitative findings into different themes (Mugenda and Mugenda, 1999). The themes were then edited, coded and arranged in different categories to generate useful conclusions and interpretations on the research objectives which were deduced for reporting in a narrative form.

3.10 Ethical Considerations

To ensure ethical considerations, the data obtained from the respondents were treated purely as academic and confidential for the safety, social and psychological well-being of the respondents; Informed consent was sought and appropriate documentation kept. Questionnaires were also guaranteed anonymity as no one of the respondents was named at any time during the research or in the subsequent study. Respondents were selected for their willingness to participate without compulsion and no risks to the respondents were identified at any stage during the research.

3.11 Limitations of the Study

The researcher experienced a problem of limited finances with respect to this study. Costs regarding this limitation included transport, printing and photocopying of relevant materials.

However, the researcher had to borrow some money from relatives, friends and used it sparingly so as to overcome the cost constraint.

The researcher experienced a time constraint in data collection, analyzing of data and in final presentation of the report. However, the researcher overcame this problem by ensuring that the time element is put into consideration and that all appointments agreed upon with respondents are fully met.

The researcher was unable to probe deeper into the subject matter because some respondents withheld some information because it is regarded as confidential. However, the researcher assured the respondents that any information given would be treated with maximum confidentiality.

CHAPTER FOUR
PRESENTATION AND INTERPRETATION OF THE FINDINGS

4.0. Introduction

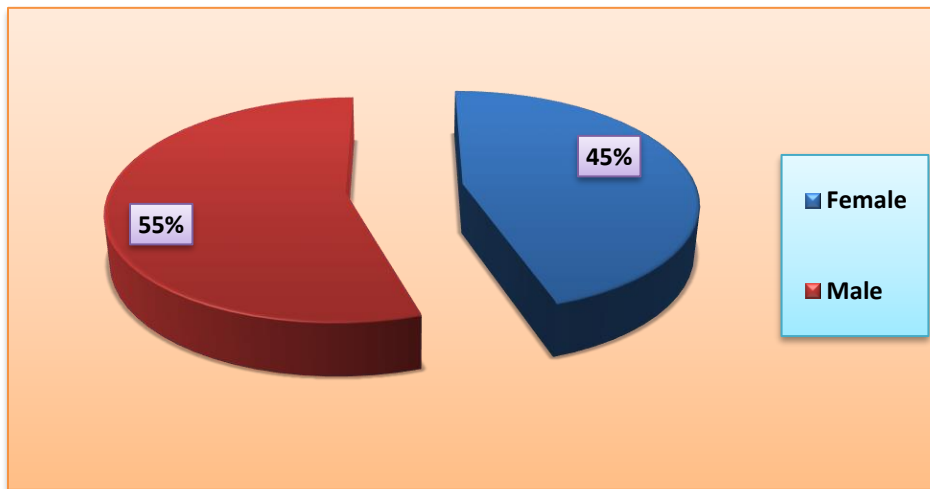
This chapter presents the findings of this study. It highlights the characteristics of the respondents and presents the findings that were generated from interactions. The study was based on the study objectives and the following results were established;

4.1 General information

In this section, efforts were made to document the background information of the respondents such as gender, age group, marital status.

4.1.1 Gender of the Respondents

Figure 4. 1: Showing the Gender of the Respondents



Source: Primary data

From figure 4.1 above, it is presented that the majority (55.0%) of the respondents were males while the minority (45.0%) of the respondents were females. This testified that there was gender

imbalance in the study in that there were more males than female. This helped the study to obtain views from different sex thus producing information that is not biased.

4.1.2 Age group of the Respondents

Table 4.1: Showing the Age group of the Respondents

Age group	Frequency	Percent	Cumulative Percent
20 – 25 years	10	24	24
26 – 30years	19	48	72
31 – 40 years	6	15	87
Above 40 years	5	13	100
Total	40	100.0	

Source: Primary data

Results from table 4.1 above showed that, the largest percentage that is (48.0%) of the respondents had years arraying from 26 to 30, these were followed by (24.0%) who were between 20-25 years, (15.0%) were between 31- 40 years whereas the minority (13.0%) had above 40 years. This evidenced that most employees at PML were in their productive ages. This was found relevant because respondents from different age groups have varying knowledge and experiences with regards to the role of management styles and the performance of microfinance institutions.

4.1.3 Marital status of Respondents

Table 4.2: Showing the Marital status of Respondents

Age group	Frequency	Percent	Cumulative Percent
Single	13	33	33
Engaged	7	17	50
Married	19	47	97
Divorced	0	0	97
Widowed	1	3	100
Total	40	100	

Source: Primary data

According to table above, it was revealed that the majority (47.0%) of the respondents were married, those were followed by (33.0%) who were single, then (17.0%) of the respondents were engaged while the minority (3.0%) were widowed. The findings also revealed that none of the respondents had divorced. These findings implied that most of the employees in the microfinance institution had family responsibilities, mature enough and properly understood business ethics.

4.3 Democratic Management Styles on performance of MFIs

The first objective of the study was to examine the role of Democratic Management Styles on the performance of MFIs. To accomplish this, the researcher explored the level of agreement and disagreement with the following statements in table below. The following abbreviations were used; **SA** = (Strongly Agree), **A**= (Agree), **N** = (Not Sure), **D**= (Disagree), **SDA**= (Strongly Disagree, **SD** = (Standard Deviation), **F** = (Frequency).The findings are shown in table below

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Table 4. 3: Democratic Management Styles on performance of MFIs

Democratic Management Styles	SA		A		N		D		SDA		ME	SD
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)	AN	
Leaders consult us in groups and solicit opinions and in decision making.	21	52.5	16	40.0	2	5.0	0	0.0	1	2.5	4.01	0.583
All stakeholders are involved in identifying the issues and finding solutions to the complex problems	19	47.5	17	42.5	4	10.0	0	0.0	0	0.0	3.99	0.898
Participation of subordinates develops a sense of confidence among the subordinates leading to job satisfaction.	24	60.0	13	32.5	1	2.5	1	2.5	1	2.5	4.21	0.978
Participation of subordinates leads to creativity	14	35.0	20	50.0	3	7.5	1	2.5	2	5.0	3.81	0.799
Subordinates are able learn how to take actions that manages daily operations more efficiently.	12	30.0	26	65.0	2	5.0	0	0.0	0	0.0	3.23	0.533
Democratic leadership behaviour fosters higher levels of trust in the superiors	17	42.5	19	47.5	4	10.0	0	0.0	0	0.0	4.0	0.898

Source: Primary data

The findings of the study indicated that the majority (52.5%) of the respondents agreed that Leaders consult them in groups and solicit opinions and in decision making. These were followed by (40.0%) who strongly agreed, (5.0%) were not sure while (2.5%) and strongly disagreed. It had a mean of 4.01 and standard deviation of 0.583. This implies that all the employees are consulted so that they make the best decisions for the organization. This was in agreement with Auntry, (2005) who noted that under this democratic style of leadership, leaders consult the group and solicit opinions and participation in decision making. They confer authority to the group and after their consultation, decisions are taken

The study findings also showed that the majority (47.5%) of the respondents strongly agreed that all stakeholders are involved in identifying the issues and finding solutions to the complex problems, these were followed by (42.5%) who agreed, (10.0%) disagreed that all stakeholders are involved in identifying the issues and finding solutions to the complex problems. The overall mean score of the statement was 3.99 indicated that majority of the respondents agreed with the statement. However, there was a variance in the responses as revealed by the standard deviation of 0.898. This was in conformity with one of the interviewed respondents who said that;

“The involvement of stakeholders in identifying the issues and finding solutions to the complex problems helps them get things done through others and assuring them of a continued support in future”

The results from the study revealed that (60.0%) and (32.5%) of the respondents respectively strongly agreed and agreed that participation of subordinates develops a sense of confidence among the subordinates leading to job satisfaction as evidenced by the mean of 4.21. However, there was a variance in the responses as shown by the standard deviation of 0.978 and (2.5%) of the

respondents both were not sure, disagreed and strongly agreed with the statement. This implied that when the subordinates are allowed to participate in the managerial activities, they are more satisfied at their jobs

According to the findings of study, it was also revealed that (35.0%) of the respondents strongly agreed that participation of subordinates leads to creativity, (50.0%) of the employees agreed (7.5%) were not sure while the minority and (5.0%) and (2.5%) strongly disagreed and disagreed respectively. The mean of 3.81 implies that most of the respondents agreed that participation of subordinates leads to creativity with some average variation of the respondents shown by the standard deviation of 0.799. As seen from the findings, Barnard, (2007) also emphasized that by asking for input from subordinates, they get relevant data to analyse and are able to identify trends in their industry. Thus, they learn how to take actions that manages daily operations more efficiently and also are creative.

More to the above, the study findings presented that the majority (65.0%) of the respondents agreed that subordinates are able learn how to take actions that manages daily operations more efficiently, (30.0%) of them strongly agreed, (5.0%) of the respondents were not sure. The mean score of 3.23 of is relatively high which explains that most of the respondents agreed that subordinates are able learn how to take actions that manages daily operations more efficiently. The standard deviation of a standard deviation of 0.533 shows that the responses vary fairly implying that some of the respondents agreed and others were not sure whether the subordinates are able learn how to take actions that manages daily operations more efficiently

The findings of the study also revealed that the majority (47.5%) of the respondents agreed that democratic leadership behaviour fosters higher levels of trust in the superiors, (42.5%) of the

employees strongly agreed, (10.0%) of them were not sure. This showed a mean of 4.0 and SD of 0.898 showed that the responses seem to vary as shown by the standard deviation of 0.567. This means some respondents strongly agreed and agreed that democratic leadership behaviour fosters higher levels of trust in the superiors and others were not sure. This was in line with one of the interviewed respondent who said that

“Democratic leadership behaviour sends a message that the superior has confidence, concern and respect for the subordinates and such leadership behaviour is likely to foster higher levels of trust in the superiors”

4.4 Autocratic Management Styles and performance of MFIs

The second objective of the study was to find out the role autocratic management styles on performance of MFIs. To accomplish this, the researcher explored the level of agreement and disagreement with the following statements in the table below.

Table 4. 4: Autocratic Management Styles and performance of MFIs

Autocratic Management Styles	SA		A		I		D		SDA		MEAN	SD
	F	(%)	F	(%)	F	(%)	F	(%)	F	(%)		
Autocratic leadership, helps to clarify everyone's roles and responsibilities	23	57.5	17	42.5	0	0.0	0	0.0	0	0.0	4.1	0.863
Autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes	14	35.0	24	60.0	1	2.5	0	0.0	1	2.5	3.49	1.121
The leader is able to respond to his employee's immediate self-interest if they can be met through completing the work	24	60.0	13	32.5	2	5.0	0	0.0	1	2.5	4.13	0.838
autocratic leaders generally reflect on how to execute decisions	20	50.0	18	45.0	2	5.0	0	0.0	0	0.0	3.89	0.6
Autocratic leaders focus their energies on task completion, compliance	22	55.0	16	40.0	0	0.0	0	0.0	2	5.0	4.01	0.776

Source: Primary Data

The findings of the study indicated that the majority (57.5%) and (42.5%) of the respondents strongly agreed and agreed respectively that autocratic leadership helps to clarify everyone's roles and responsibilities. This had a mean score of 4.1 which is tending towards the maximum of 5 implies that most of the respondents agreed that autocratic leadership helps to clarify everyone's roles and responsibilities. The standard deviation 0.863 which explains the responses that varies between those who strongly agreed and agreed

According to the study findings, it was revealed that the majority (60.0%) of the respondents agreed and (35.0%) of the employees agreed that autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes as compared to the (2.5%) of the respondents who were not sure and disagreed that autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes. The mean score was 3.49 and standard deviation of 1.121 also show that some respondents were not sure about whether autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes. Autocratic leadership style as being based on traditional bureaucracy authority and legitimacy. Autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes by promising them rewards and benefits for the accomplishment of tasks (Bass and Avolio, 2004).

More to the above, the study findings showed that the (60%) of the respondents strongly agreed that the leader is able to respond to his employee's immediate self-interest if they can be met through completing the work, these were followed by (32%) of them agreed, (5%) of the respondents were not sure whereas (3%) strongly disagreed respectively. This had a mean of 4.13 and standard deviation of 0.838 implying that most of the respondents generally agreed with

the fact that the leader is able to respond to his employee's immediate self-interest if they can be met through completing the work. One of the interviewed respondent said that;

“In most case, the leader responds to his employee's immediate self-interest if they can be met through completing the work. These leaders' leaders implement structures and are understanding towards their employees”

The findings of the study also depicted that the majority (50.0%) of the respondents strongly agreed that autocratic leaders generally reflect on how to execute decisions while the 45.0% agreed, and the minority (5.0%) of the respondents were not sure as also seen by a mean of 3.89 and SD of 0.6. The Standard deviation 0.6 shows that the spread of distribution of the respondents from the mean as 3.29 (that is mean score-standard deviation) to 4.49(that is mean score + standard deviation).

In relation to the study findings, it was testified that the majority (55.0%) of the respondents strongly agreed that autocratic leaders focus their energies on task completion, compliance, (40.0%) of the respondents agreed as evidenced by the mean score of 4.01. (5.0%) of the respondents also disagreed strongly to the statement. However, the responses varied as shown by the standard deviation of 0.776. This implies that the distribution of responses varied from those who strongly agreed and agreed whether autocratic leaders focus their energies on task completion, compliance. These findings were in line with Mester, (2003) who argued that autocratic leaders focus their energies on task completion, compliance and it depends on organizational rewards and punishments to influence employee's performance reward being contingent on the followers carrying out roles and assignments as defined by the leader.

4.5 Persuasive Management Styles on performance of MFIs

The third objective of the study was to find out the effect of persuasive management styles of performance of MFIs. To accomplish this, the researcher explored the level of agreement and disagreement with the following statements in table below.

Table 4. 5: Persuasive styles on performance of financial Institutions

Persuasive Management Styles	SA		A		N		D		SDA		MEAN	SD
	F	%	F	%	F	%	F	%	F	%		
Persuasive leadership style focuses on the development of value system of employees,	22	55.0	14	34.0	3	8	0	0.0	1	2.5	4.01	0.583
Subordinates are able to achieve their goals working in the organizational setting	19	47.0	15	37.5	6	15.0	0	0.0	0	0.0	3.99	0.898
Subordinates are encouraged to be expressive and adaptive to new and improved practices and changes in the environment	23	57.5	12	30.0	3	7.5	1	2.5	1	2.5	4.21	0.6
Persuasive leaders are able to articulate an appealing vision of the future by communicating ideologies and leading through example	15	37.5	19	46.0	3	7.5	1	2.5	2	5.0	3.81	0.799
There is improved team's morale	12	30.0	25	62.5	3	7.5	0	0.0	0	0.0	3.73	1.133
Persuasive leaders attempt to elevate the needs of the followers in line with the leaders own goals and objectives	17	42.0	23	57.5	0	0.0	0	0.0	0	0.0	4.21	0.61

Source: Primary Data

As can be observed from the figure above, it was indicated the majority (55.0%) of the respondents strongly agreed and (34.0%) agreed that persuasive leadership style focuses on the development of value system of employees while the minority (8.0%) and (2.5%) of the respondents were not sure

and strongly disagreed respectively. The mean of 4.01 and standard deviation of 0.583 implies that of the respondents agree persuasive leadership style focuses on the development of value system of employees. This was in line with who noted that persuasive leadership style focuses on the development of value system of employees, their motivational level and moralities with the development of their skills and it basically helps follower's achieve their goals working in the organizational setting (Deci, 2009).

According to the findings of the study, it was presented the majority (47.0%) and (37.5%) of the respondents said strongly agreed that subordinates are able to achieve their goals working in the organizational setting while the minority (15.0%) of the respondents were not sure. The mean of 3.99 implies that most of the respondents agreed that subordinates are able to achieve their goals working in the organizational setting with some average variation shown by the standard deviation of 0.898.

The findings of the study, it was revealed that the (57.5%) and (30.0%) of the respondents strongly agreed and agreed respectively that the subordinates are encouraged to be expressive and adaptive to new and improved practices and changes in the environment, as evidenced by the mean of 4.21. however, (7.5%) of the respondents who were not sure and (2.5%) who both disagreed and strongly disagreed on whether subordinates are encouraged to be expressive and adaptive to new and improved practices and changes in the environment. One of the interviewed respondents emphasized that;

“The employees are able to be expressive and adaptive to new and improved practices and changes in the environment and such leadership motivates followers; it moves people beyond self-interests and allows them to focus on the good of the organization”

In addition to the above to the findings of the study, it was revealed the majority (46.0%) of the respondents agreed that persuasive leaders are able to articulate an appealing vision of the future by communicating ideologies and (37.5%) of the respondents agreed strongly as compared to (7.5%) were not sure where as (2.5%) disagreed and (5.0%) and strongly disagreed with the statement. The mean score of 3.81 implied that most of the respondents generally agreed that persuasive leaders are able to articulate an appealing vision of the future by communicating ideologies and leading through example and standard deviation 0.799 explains the varying of responses between respondents that strongly agreed and those that agreed and not sure about the statement.

More to that, the study findings showed that the respondents (62.5%) and (30.0%) respectively agreed and strongly agreed there is improved team's morale as evidenced by the mean of 3.73. This was followed by (7.5%) who were not sure, whether that there is improved team's morale. The Standard deviation of 1.133 shows that the spread of distribution of the respondents from the mean as 2.597 (that is mean score - standard deviation) to 4.863 (that is mean score + standard deviation). This implies that the distribution of respondents from the mean scores covers those who strongly agreed, agreed and were not sure that there is improved team's morale. These findings were in line with, Bryman, (2009) who mentioned that persuasive leaders are able to articulate an appealing vision of the future by communicating ideologies and leading through example. This leadership tends to improve the team's morale and motivates the team members.

From the findings, it was also indicated that the largest portion (57.5%) of the respondents agreed that persuasive leaders attempt to elevate the needs of the followers in line with the leaders own goals and objectives while (42.0%) of the respondents strongly agreed as evidenced by the mean of 4.21. However, the responses varied as shown by the standard deviation of 0.61

this implies that the distribution of responses varied from those who strongly agreed and agreed whether persuasive leaders attempt to elevate the needs of the followers in line with the leaders own goals and objectives. According to (Hughes, 2004) he believes that persuasive leadership also has the ability to align the people and system so that there is integrity throughout the organization

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter generates the summary of the findings and conclusions drawn from the study based on the findings presented in data analysis and the study objectives. The chapter also advances the recommendations, as well as identifying the areas for further studies.

5.1 Summary of the findings

5.1.1 Democratic Management Styles on performance of MFIs

The finding revealed that majority of the employees (92.5%) generally agreed that leaders consult them in groups and solicit opinions and in decision making and that all stakeholders are involved in identifying the issues and finding solutions to the complex problems. It was also revealed that participation of subordinates develops a sense of confidence among the subordinates leading to job satisfaction which leads to creativity. From the study, subordinates were seen to be able to learn how to take actions that manages daily operations more efficiently and that democratic leadership behavior fosters higher levels of trust in the superiors.

5.1.2 Autocratic Management Styles and performance of MFIs

The study revealed that all (100%) respondents agreed autocratic leadership, helps to clarify everyone's roles and responsibilities and that autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes. It was also shown that the leader is able to respond to

his employee's immediate self-interest if they can be met through completing the working. Autocratic leaders generally reflect on how to execute decisions and also focus their energies on task completion, compliance

5.1.3 Persuasive Management Styles on performance of MFIs

The study further revealed the majority of the respondents (89.0%) generally agreed that persuasive leadership style focuses on the development of value system of employees, and that subordinates are able to achieve their goals working in the organizational setting. It was also revealed that subordinates are encouraged to be expressive and adaptive to new and improved practices and changes in the environment and that they are able to articulate an appealing vision of the future by communicating ideologies and leading through examples. There is improved team's morale since the persuasive leaders attempt to elevate the needs of the followers in line with the leaders own goals and objectives

5.2 Conclusions

In conclusion leaders consult employees in groups and solicit opinions from them and in decision making and that all stakeholders should be involved in identifying the issues and finding solutions to the complex problems. It was also revealed that participation of subordinates develops a sense of confidence among the subordinates leading to job satisfaction which leads to creativity. Further, autocratic leadership, helps to clarify everyone's roles and responsibilities and that autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes. It can also be noted that persuasive leadership style focuses on the development of value system of employees, and that subordinates are able to achieve their goals working in the organizational setting. It was also revealed that subordinates are encouraged to be expressive and adaptive to new and improved practices and changes in the environment and that they are able to

articulate an appealing vision of the future by communicating ideologies and leading through examples.

5.3 Recommendations

It is recommended that leaders should listen to the employees with an open mind and implement an open-door policy. This is because a good leader listens and reacts decisively and in a fairway towards the employee's. This is based on the idea that leaders "provide a role model for the critical behaviors they want to see from their followers.

Additionally, it is also recommended that the leadership should improve leadership style by setting examples. That is by "practicing what they preach.

Regardless of the style of leadership used, there is need to always have the ability to adjust leadership styles because there's always room for strengthening and improving the role as a leader. This enhances leading with confidence and authority.

5.4 Areas for further study

The development of a strategic performance measurement tool for SMEs in the finance industry.

Development of a performance management system for micro credits.

Influence of a performance management programme on the achievement of organizational goals

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Appendix 1: Questionnaire

Questionnaire

Introduction

I am Nakimuli Beatrice, a student from Uganda Martyrs University I am conducting a research on the topic of “**THE ROLE OF MANAGEMENT STYLES AND THE PERFORMANCE OF MICROFINANCE INSTITUTIONS** ” Kindly fill this questionnaire, it will be of great importance for the progress of this research, and the information you provide will be used for academic purposes only. The highest level of confidentiality and anonymity will be used to protect the information you give

SECTION A: Demographic Characteristics

Tick / fill in the most appropriate answer.

1. Gender:

a) Female b) Male

2. Age

a) Below 20 years b) 20 – 25 years c) 26 – 30 years
d) 31 – 35years e) 36 – 40 Years f) Above 40 years.

3. Marital status

a) Single b) Engaged c) Married d) Divorced
e) Widowed

Please indicate the extent to which you agree or disagree to the following statements' by ticking the appropriate space provided. The following abbreviations are used.

Strongly Agree	Agree	Not Sure	Strongly Disagree	Disagree
5	4	3	2	1

SECTION B: Democratic Management Styles on performance of MFIs

To what extent do you agree with the following statements with regards to the role of democratic management styles on performance MFI?

Democratic Management Styles	5	4	3	2	1
Leaders consult us in groups and solicit opinions and in decision making.					
All stakeholders are involved in identifying the issues and finding solutions to the complex problems					
Participation of subordinates develops a sense of confidence among the subordinates leading to job satisfaction.					
Participation of subordinates leads to creativity					
Subordinates are able learn how to take actions that manages daily operations more efficiently.					
Democratic leadership behaviour fosters higher levels of trust in the superiors					

SECTION B: Autocratic Management Styles and performance of MFIs

To what extent do you agree with the following statements with regards to the role of Autocratic Management styles on performance MFI?

Autocratic Management Styles	5	4	3	2	1
Autocratic leadership, helps to clarify everyone's roles and responsibilities					
Autocratic leaders are able to entice subordinates to perform thereby achieve desired outcomes					
The leader is able to respond to his employee's immediate self-interest if they can be met through completing the work					
Autocratic leaders generally reflect on how to execute decisions					
Autocratic leaders focus their energies on task completion, compliance					

SECTION D: Persuasive Management Styles on performance of MFIs

To what extent do you agree with the following statements with regards to the role of Persuasive Management Styles on performance MFI?

	Persuasive Management Styles	5	4	3	2	1
a	Persuasive leadership style focuses on the development of value system of employees,					
b	Subordinates are able to achieve their goals working in the organizational setting					
c	Subordinates are encouraged to be expressive and adaptive to new and improved practices and changes in the environment					
d	Persuasive leaders are able to articulate an appealing vision of the future by communicating ideologies and leading through example					
e	There is improved team's morale					
f	Persuasive leaders attempt to elevate the needs of the followers in line with the leaders own goals and objectives					

END

Thank you so much for being helpful in this research.

Appendix 2: Interview Guide

Interview guide

I am a student of UMU and currently collecting data for compilation for my dissertation. I am here to conduct an interview for a maximum of 15 minutes. The interview I am conducting relates to “**THE ROLE OF MANAGEMENT STYLES AND THE PERFORMANCE OF MICROFINANCE INSTITUTIONS**” You have been selected to share with us your experience and make this study successful. The Interview I am conducting is basically aimed at obtaining qualitative information. Information given will be treated with utmost confidentiality.

1. What are the various leadership management styles used in your Microfinance Institution?
2. In your view, to what extent has Democratic Management Styles contributed to performance of MFI?
3. Do you involve all stakeholders in decision making?
4. To what extent has Autocratic Management Styles contributed to performance of MFI?
5. What is your view on persuasive Management Styles and how it affects performance of MFIs?
6. What other recommendations do you have with regards to this topic under investigation?

THANKS FOR YOUR TIME

Appendix 3: Sample Size Determination

Note: “N” is population size and “S” is sample size.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Source: Krejcie, R. V., & Morgan, D.W. (1970).