LEADERSHIP STYLES AND ORGANISATIONAL PERFORMANCE OF MICROFINANCE INSTITUTIONS IN KAMPALA DISTRICT, UGANDA: A CASE OF THREE MICROFINANCE INSTITUTIONS

SOPHIA BANGIRANA

S23M15/033

A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSITY

May, 2026

UGANDA CHRISTIAN UNIVERSITY
A Centre of Excellence in the Heart of Africa

DECLARATION

I, **Sophia Bangirana**, hereby declare that this dissertation titled ***"Leadership styles and organisational performance of Microfinance institutions in Kampala District, Uganda. A case of Three Microfinance Institutions."*** is my own original work and has never been presented in fulfilment of the requirements for any academic award at any other academic Institution. All sources of information used in this report have been well cited and corresponding authors acknowledged. I therefore submit it to Uganda Christian University in partial fulfillment for the award of a Master's Degree in Business Administration.

Signed:

Date: 28th May 2026

SOPHIA BANGIRANA

APPROVAL

I approve that this dissertation by **Sophia Bangirana**, titled: **"*Leadership styles and organisational performance of Microfinance institutions in Kampala District, Uganda. A case of Three Microfinance Institutions*",** has been written under my supervision and is ready for presentation to the Research Defence Committee.

Date: 28th May 2026

SUPERVISOR

MR KASOZI GEOFFREY

DEDICATION

This research work is dedicated to my late parents.

ACKNOWLEDGEMENT

I thank God because it is by his sufficient grace that I have come this far. I extend my gratitude to my supervisor: Mr. Kasozi Geoffrey, who didn't stop at being my supervisor but went ahead and became a friend and an inspiration to me. I sincerely thank God for having given me a chance to meet him as my supervisor.

My sincere appreciation also goes to all the respondents from selected microfinance institutions in Kampala District that is Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited who willingly participated in this study. Their cooperation, openness, and valuable contributions provided the foundation upon which this research was built. I am equally grateful to the management and staff for granting me access to the necessary information and for their support during data collection.

I would also like to acknowledge my friends, colleagues, and all those who, in one way or another, contributed to the successful completion of this study. Your support, whether moral, academic, or emotional, is highly appreciated.

Finally, to all those whose names may not appear here but who played a role in this journey, I extend my sincere gratitude. May the Almighty God richly bless you all.

God bless you All!

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

MFI	Microfinance Institution
ROA	Return on Assets
OSS	Operational Self-Sufficiency
UMRA	Uganda Microfinance Regulatory Authority

ABSTRACT

This study examined the influence of leadership styles on organizational performance in selected microfinance institutions in Kampala District, focusing on Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited. The objectives of the study were to assess the effects of transformational, servant, and transactional leadership on organizational performance. A correlational research design was employed, using both quantitative and qualitative approaches. The study targeted a sample of 207 employees, of whom 192 participated, yielding a response rate of 92.8%. Quantitative data were collected using structured questionnaires and analyzed through descriptive statistics, Pearson's correlation, and multiple regression analysis, while qualitative data from interviews and focus group discussions supported the quantitative findings. The findings revealed that respondents generally held positive perceptions of transformational leadership (Mean = 3.75, Std. Dev. = 0.903), servant leadership (Mean = 3.91, Std. Dev. = 0.764), and transactional leadership (Mean = 3.91, Std. Dev. = 0.767). Correlation analysis indicated statistically significant positive relationships between all leadership styles and organizational performance ($p < 0.01$), with transactional leadership showing the strongest association ($r = 0.653$). Multiple regression results showed that transformational ($\beta = 0.156$, $p = 0.008$), servant ($\beta = 0.169$, $p = 0.013$), and transactional leadership ($\beta = 0.581$, $p < 0.001$) collectively explained 47.4% of the variance in organizational performance ($R^2 = 0.474$). The study concluded that all three leadership styles positively influenced organizational performance, with transactional leadership having the greatest impact. It recommended that microfinance institutions strengthen transformational leadership by promoting vision, innovation, and ethical role modeling; enhance servant leadership through employee support, empathy, and community-building; and reinforce transactional leadership by clarifying performance expectations, providing feedback, and ensuring fair rewards. The study highlighted limitations related to the cross-sectional design, sample scope, and reliance on self-reported data, suggesting areas for future research including longitudinal studies, exploration of additional leadership styles, and the moderating role of organizational culture.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study investigated the relationship between leadership styles and organizational performance of microfinance institutions in Kampala District, Uganda. Leadership styles was conceptualized as the independent variable, comprising transformational, servant, and transactional leadership, while organizational performance was the dependent variable, measured through financial sustainability, client satisfaction, and operational efficiency. This chapter presents the background of the study, statement of the problem, general and specific objectives, research questions, justification, significance, scope, and conceptual framework.

1.1 Background to the Study

Globally, leadership styles evolved significantly, shaping organizational performance across industries. In the early 20th century, industrial organizations in Europe and North America prioritized efficiency through autocratic leadership, often neglecting employee motivation, leading to reduced engagement and productivity (Alblooshi et al., 2021). The introduction of transformational leadership by Burns (1978) and Bass (1985) emphasized inspirational motivation and intellectual stimulation, enhancing employee commitment and organizational outcomes (Hafeez & Bidari, 2022). Servant leadership, pioneered by Greenleaf (1977), focused on employee-centric approaches, fostering trust and improving performance (Abbas et al., 2021). Transactional leadership, with its structured rewards, ensured efficiency in goal-oriented settings (Baig et al., 2021). The 21st century brought globalization and technological advancements, necessitating adaptive leadership styles that integrate digital communication and employee-focused strategies to enhance efficiency and financial outcomes (Meirinhos et al., 2023).

In Sub-Saharan Africa, leadership development lagged, with hierarchical structures dominating until the late 20th century, limiting employee-focused interventions and impacting performance (Akonkwa et al., 2022). As service and financial sectors grew, leadership styles like transformational and servant leadership emerged, enhancing motivation and reducing turnover (Donkor et al., 2021).

In East Africa, economic growth in financial and service industries necessitated robust leadership frameworks to improve performance (Nani & Safitri, 2021). In Uganda, the rise of microfinance institutions post-independence highlighted leadership challenges, with inconsistent training and resource constraints affecting efficiency and morale (Abbas et al., 2021).

Microfinance institutions were chosen as the case study because they play a critical role in Uganda's economy by providing financial services to low-income communities, balancing social impact with financial sustainability (Akonkwa et al., 2022). Their unique operational context, requiring both profitability and client-centric services, makes them ideal for studying how leadership styles influence performance. Kampala District was selected due to its status as Uganda's economic hub, hosting a vibrant microfinance sector with diverse institutions like Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited. Kampala's dynamic business environment and concentration of microfinance operations provide a rich setting to explore varied leadership styles and their impact on performance, addressing a gap in context-specific research (Nani & Safitri, 2021).

This study focused on three microfinance institutions in Kampala: Deed Microfinance, ASA Microfinance (Uganda) Limited (Plot 228 Buye Kigowa Ntinda, P.O. Box 245, Kampala, Uganda), and Octa Finance Limited (Plot 29/37 Ntinda Complex Block A F1-03, Ntinda). These institutions were selected to capture a range of leadership styles, as each may exhibit distinct approaches (e.g., transformational, servant, or transactional), allowing for a comparative analysis of their impact on performance.

1.2 Statement of the Problem

Organizational performance remains a major concern for microfinance institutions (MFIs), especially in urban centres such as Kampala, where competition, high operational costs, and increasing client expectations continue to intensify. Organizational performance—commonly measured in terms of profitability, portfolio quality, productivity, outreach, and service delivery—has produced uneven results across MFIs in Uganda despite the sector's rapid expansion. According to the Association of Microfinance Institutions of Uganda (2023), although MFIs have significantly expanded their outreach and credit services, many still struggle with efficiency, portfolio quality, and long-term sustainability, which ultimately undermine overall performance.

MFIs play a vital role in Uganda's economy by supporting over 90% of Small and Medium Enterprises (SMEs), which contribute approximately 20–30% of the country's Gross Domestic Product (GDP) and employ more than 80% of the workforce. In

Kampala alone, more than 200,000 SMEs depend heavily on microfinance institutions for financial support and business growth. Despite this critical role, the performance of MFIs has remained inconsistent. Persistent challenges such as high loan default rates, rising operational costs, and inefficiencies in service delivery continue to weaken financial sustainability and productivity within the sector.

Empirical studies further indicate that while some MFIs in central Uganda demonstrate moderate financial performance (with an average score of about 3.09), significant gaps still exist in key areas such as asset quality, liquidity, and long-term viability. In addition, productivity gaps among financial institutions in developing economies are estimated to exceed 40% compared to global standards (World Bank, 2022), reflecting notable inefficiencies in organisational performance. These shortcomings are often associated with internal organisational factors, particularly leadership practices, which influence employee performance, decision-making processes, and the ability of institutions to adapt to changing environments.

Leadership styles are widely recognised as a critical determinant of organisational performance in MFIs. Effective leadership enhances employee motivation, improves operational efficiency, and strengthens institutional resilience. For example, empirical evidence from Rwanda shows that leadership practices account for up to 46.7% of the variation in microfinance institutional performance, underscoring their significant impact on organisational outcomes. However, many MFIs in developing contexts continue to rely on traditional leadership approaches, such as autocratic and transactional styles, which are often linked to low employee engagement, weak communication, and reduced organisational effectiveness.

In Kampala District, microfinance institutions such as Deed Microfinance Limited, ASA Microfinance (Uganda) Limited, and Octa Finance Limited operate in a highly competitive and dynamic environment. Although these institutions play a key role in promoting financial inclusion and supporting SMEs, they continue to face challenges related to employee productivity, service delivery, and financial sustainability. These issues suggest a possible misalignment between leadership styles and organisational performance outcomes. While previous studies have explored factors influencing the performance of MFIs, there is limited context-specific evidence on how different leadership styles affect organisational performance within selected institutions in Kampala District. This gap limits a comprehensive understanding of the role leadership plays in shaping performance outcomes in MFIs.

Therefore, this study seeks to examine the effect of leadership styles on organisational performance in selected microfinance institutions in Kampala District, with the aim of generating empirical evidence that can enhance leadership effectiveness and improve organisational performance.

1.3 Purpose of the Study

To investigate the influence of leadership styles on the organizational performance of microfinance institutions in Kampala District, focusing on Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited.

1.4 Specific Objectives

The study sought to achieve the following objectives;

1. To assess the relationship between transformational leadership style and organizational performance of selected microfinance institutions in Kampala District.
2. To assess the relationship between servant leadership style and organizational performance of selected microfinance institutions in Kampala District
3. To assess the relationship between transactional leadership style and organizational performance of selected microfinance institutions in Kampala District

1.5 Research Questions

The study answered the following research questions;

1 What is the relationship between transformational leadership style and organizational performance of selected microfinance institutions in Kampala District?

2 What is the relationship between servant leadership style and organizational performance of selected microfinance institutions in Kampala District?

3 What is the relationship between transactional leadership style and organizational performance of selected microfinance institutions in Kampala District.

1.6 Conceptual Framework

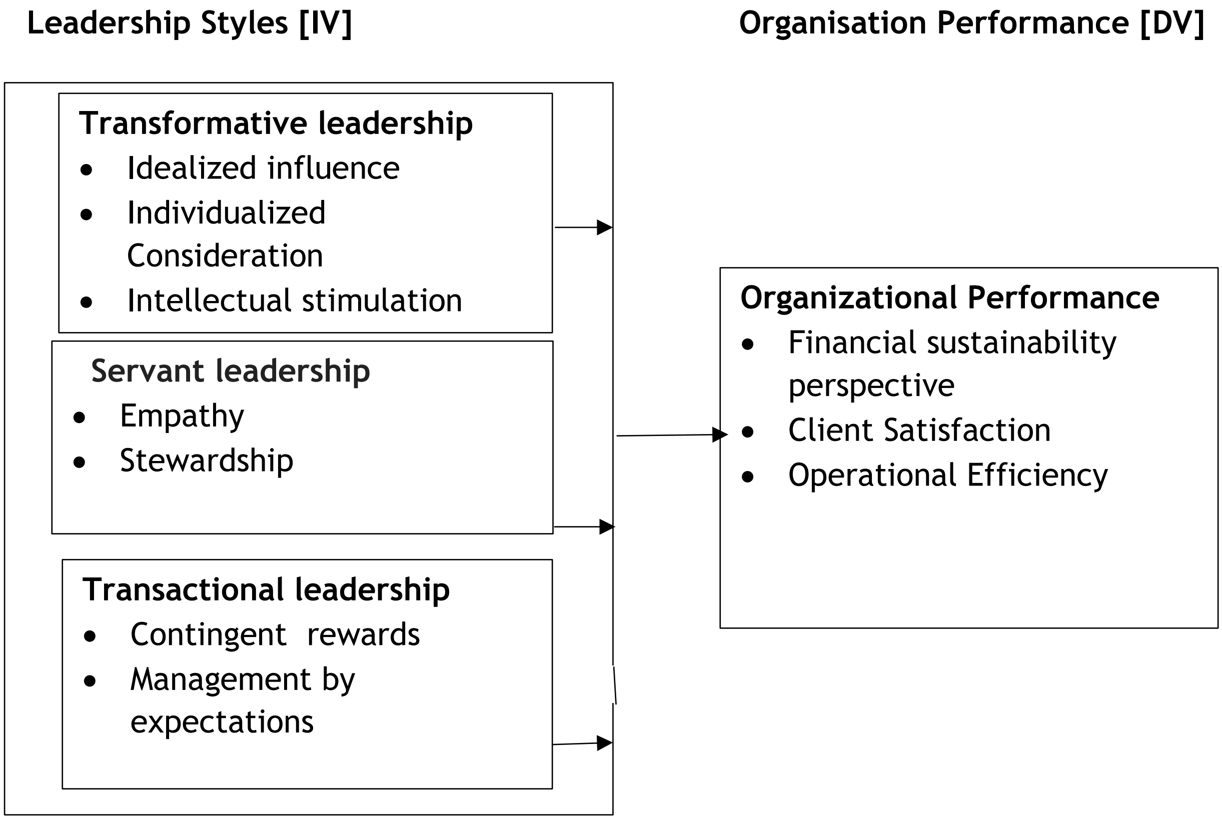

Figure 1.1: Conceptual framework

Source: Adapted from Segenya and Yeborah (2022) and modified by the researcher

The conceptual framework illustrates the relationship between leadership styles and organizational performance in the selected microfinance institutions. The independent variable in the study is leadership styles, which are operationalized into three main categories: transformational leadership, servant leadership, and transactional leadership. Transformational leadership emphasizes inspiring a clear vision, encouraging innovation, providing personal support, modeling ethical behavior, and promoting professional growth. Servant leadership focuses on prioritizing employee needs, demonstrating empathy, fostering a sense of community, promoting collaboration, and supporting ethical practices. Transactional leadership is characterized by setting clear performance expectations, monitoring compliance, providing feedback, and linking rewards to performance outcomes.

The dependent variable is organizational performance, measured through indicators such as financial sustainability, client satisfaction, and operational efficiency. The framework posits that effective leadership in any of these styles can directly influence the organization's ability to achieve sustainable financial outcomes, meet or exceed client expectations, and maintain efficient operational processes. In this context, leadership styles act as drivers of organizational performance, with each style potentially contributing uniquely to specific performance dimensions.

This conceptual framework was adopted from Segbenya and Yeborah (2022) and modified by the researcher to reflect the specific context of microfinance institutions in Kampala District. It provides a clear structure for examining how variations in leadership approaches impact measurable performance outcomes, guiding both the study's data collection and analysis.

1.6 Scope of the Study

1.6.1 Content Scope

The study focused on transformational, servant, and transactional leadership styles and their impact on organizational performance, measured through financial sustainability, client satisfaction, and operational efficiency.

1.6.2 Geographical Scope

The study was conducted in Kampala District, targeting Deed Microfinance, ASA Microfinance (Uganda) Limited (Plot 228 Buye Kigowa Ntinda, P.O. Box 245, Kampala), and Octa Finance Limited (Plot 29/37 Ntinda Complex Block A F1-03, Ntinda). These institutions were chosen for their active operations and diverse leadership practices in Kampala's microfinance sector.

1.6.3 Time Scope

The study covered 2020–2025, focusing on recent performance data, with historical and theoretical context as needed. Data collection occured between July and August 2025.

1.7 Justification of the Study

This study addressed the lack of research-based evidence on the link between leadership styles and organizational performance in microfinance institutions in Kampala District (Alblooshi et al., 2021). While leadership practices were implemented, their specific impact on performance remains underexplored in this context. Microfinance institutions were chosen due to their dual focus on financial and social goals, making them a unique case for studying leadership's role in balancing these objectives. Kampala was selected as it is Uganda's economic center, hosting diverse microfinance institutions with varying leadership approaches, providing a robust setting for comparative analysis. The study's findings should guide these institutions in refining leadership practices to enhance organisational performance.

1.8 Significance of the Study

Microfinance Institutions: The findings helped managers at Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited adopt effective leadership styles to improve financial sustainability, client satisfaction, and operational efficiency.

Employees: Understanding leadership styles enhanced motivation and job satisfaction, creating supportive work environments.

Policymakers: The study informed leadership policy development, addressing implementation gaps and improving regulatory frameworks.

Academia: It contributed to the literature on leadership styles in microfinance, serving as a reference for future research.

Researcher: The study will enhance the researcher's expertise in leadership and organizational performance, supporting career development.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviewed theoretical frameworks and empirical studies on leadership styles and organizational performance. It included historical and theoretical backgrounds, an expanded review of transformational, servant, and transactional leadership, and identified research gaps, particularly in Uganda's microfinance sector.

2.1 Theoretical Review

This study was grounded in four theoretical frameworks: the Full Range Leadership Model, Path-Goal Theory, Servant Leadership Theory, and the Balanced Scorecard Model. These theories provide a robust foundation for examining how leadership styles influenced organizational performance in the context of microfinance institutions, offering complementary perspectives on leadership behaviors, follower motivation, and performance measurement.

Full Range Leadership Model

The Full Range Leadership Model, developed by Bass and Avolio (1994), provided a comprehensive framework that integrates three leadership styles: transformational, transactional, and laissez-faire. Transformational leadership inspires followers through idealized influence (charisma), inspirational motivation (vision-setting), intellectual stimulation (encouraging creativity), and individualized consideration (personalized support), fostering high levels of motivation and commitment (Sivarat et al., 2021). Transactional leadership focuses on structured exchanges, using contingent rewards (incentives for performance) and management-by-exception (corrective actions for deviations) to ensure compliance and efficiency (Baig et al., 2021). Laissez-faire leadership, characterized by passive or absent engagement, often leads to reduced performance due to lack of direction or support (Kubai, 2023). The model posits that an optimal balance of transformational and transactional leadership styles, while minimizing laissez-faire behaviors, enhances employee engagement, innovation, and organizational performance, particularly in dynamic and people-centric industries like microfinance (Toor & Ofori, 2009).

The model's strength lies in its holistic approach, capturing a spectrum of leadership behaviors and their impact on follower outcomes across diverse organizational contexts. It is particularly relevant for microfinance institutions, where leaders must inspire employees to achieve social goals (e.g., financial inclusion) while maintaining financial sustainability (Salter et al., 2014). For instance, transformational leadership can motivate loan officers to innovate in client service delivery, while transactional leadership ensures adherence to loan processing protocols. However, the model has limitations, including its limited consideration of external factors such as economic volatility, market competition, or regulatory changes, which can influence leadership effectiveness in microfinance (Sosik, 2006). Additionally, it may not fully account for cultural variations in follower responses, particularly in hierarchical settings like Uganda, where deference to authority may moderate leadership impact (Mathieu et al., 2015).

Empirical applications of the model demonstrate its utility. Toor and Ofori (2009) found that transformational leadership mitigates performance declines by fostering ethical organizational cultures. Ryan and Tipu (2013) showed that it enhances innovation propensity, crucial for microfinance institutions adapting to client needs. Salter et al. (2014) applied the model to ethical leadership, demonstrating its role in reducing workplace inefficiencies. In the context of this study, the Full Range Leadership Model was highly relevant for analyzing how leadership styles at Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited influence employee motivation, client satisfaction, and operational efficiency, providing a structured framework to compare the effectiveness of transformational and transactional approaches in Kampala's microfinance sector.

Path-Goal Theory

Path-Goal Theory, proposed by House (1971), posited that effective leaders enhance organizational performance by aligning their behaviors with followers' needs and organizational goals, facilitating goal attainment by removing obstacles and providing resources. The theory identified four leadership behaviors: directive (clear instructions), supportive (empathy and concern), participative (involving followers in decisions), and achievement-oriented (setting challenging goals). These behaviors address demands such as unclear goals, resource constraints, or low motivation, improving employee satisfaction, engagement, and performance (Pacia & Guevarra, 2023). In microfinance, directive leadership ensures compliance with regulatory standards, supportive leadership fosters employee morale, participative leadership encouraged collaboration in client-focused initiatives, and achievement-oriented leadership drives innovation in loan products (Saleem et al., 2021).

The theory's strength lies in its flexibility, allowing leaders to adapt behaviors to specific contexts and follower characteristics, making it highly applicable to resource-constrained environments like Uganda's microfinance sector (Fabac et al., 2022). For example, supportive leadership can mitigate stress among loan officers, while achievement-oriented leadership can drive performance in competitive markets. However, critics note that the theory may oversimplify follower responses, as individual differences (e.g., personality or cultural expectations) can moderate effectiveness (Bans-Akutey, 2021). Additionally, external factors such as economic downturns or technological disruptions may limit its predictive power (Priyowidodo, 2021).

Empirical studies support the theory's relevance. Saleem et al. (2021) found that achievement-oriented leadership improved educational sector performance by setting clear goals. Fabac et al. (2022) demonstrated its effectiveness during crises, showing that adaptive leadership reduces inefficiencies. Pacia and Guevarra (2023) linked supportive leadership to teacher motivation, enhancing performance outcomes. In microfinance, Path-Goal Theory was pertinent for understanding how leaders at Deed Microfinance, ASA Microfinance, and Octa Finance balance directive and supportive behaviors to address operational challenges and client needs, improving financial sustainability and service quality in Kampala.

Servant Leadership Theory

Servant Leadership Theory, introduced by Greenleaf (1970), emphasizes leaders prioritizing the needs of employees, clients, and communities through empathy, stewardship, listening, and commitment to growth. This approach fosters trust, collaboration, and a sense of community, enhancing employee motivation and organizational outcomes (Rachmawati & Lantu, 2014). In microfinance, servant leadership aligns with the sector's social mission, as leaders who prioritize employee well-being and client needs can improve service quality, client loyalty, and financial sustainability (Spears, 1996). For instance, empathetic leaders enhanced loan officers' commitment to serving low-income clients, reducing turnover and improving performance.

The theory's strength lies in its people-centric focus, which is particularly effective in service-oriented industries like microfinance, where employee engagement directly impacts client satisfaction (Van Dierendonck & Patterson, 2025). It promoted ethical practices and long-term organizational stability by building trust-based relationships (Frick, 2004). However, challenges included resistance in hierarchical or profit-driven cultures, where servant leadership's collaborative approach may be perceived as weak (Freeman, 2022). Implementation required time and cultural shifts, which can be difficult in fast-paced or resource-constrained settings like Kampala's microfinance institutions (Rachmawati & Lantu, 2014).

Empirical evidence supports its applicability, Van Dierendonck and Patterson (2025) found that servant leadership enhances employee engagement in service industries. Ruata and Tung (2024) showed it supports teacher development in educational settings, improving outcomes. Freeman (2022) linked it to team unity in U.S. fire departments, enhancing service quality. In microfinance, Rachmawati and Lantu (2014) demonstrated that servant leadership improves client loyalty by fostering employee commitment. This theory was critical for this study, as it explains how servant leadership practices at Deed Microfinance, ASA Microfinance, and Octa Finance can enhance employee-centric outcomes, client satisfaction, and organizational performance in Kampala.

Balanced Scorecard Model

The Balanced Scorecard Model, developed by Kaplan and Norton (1992), measures organizational performance across four perspectives: financial (e.g., profitability, cost management), customer (e.g., satisfaction, loyalty), internal processes (e.g., operational efficiency), and learning and growth (e.g., employee training, innovation). Unlike traditional financial metrics, it integrates non-financial indicators, aligning with microfinance institutions' dual goals of profitability and social impact (Martinsons et al., 1999). In microfinance, financial sustainability ensures long-term operations, client satisfaction drives loyalty, efficient processes reduce costs, and learning and growth foster innovation in service delivery (Chang, 2009).

The model's strength lies in its balanced approach, linking leadership actions to measurable outcomes across multiple dimensions, making it ideal for assessing performance in complex organizations (Ghobadian et al., 2007). However, its implementation requires extensive data collection and analysis, which can be challenging for smaller microfinance institutions with limited resources (Graves, 2021). It also may not fully account for external factors like regulatory changes or market volatility (Martinsons et al., 1999).

Empirical studies validate its utility. Chang (2009) applied it to supply chain management, showing improved performance through customer and process metrics. Wachtel et al. (1999) used it in a burn center, balancing clinical and financial outcomes. Graves (2021) found it enhances decision-making in nonprofits by incorporating community impact. In microfinance, Steele and Branson (2013) demonstrated its effectiveness in measuring client outreach and employee training.

This model was essential for this study, providing a framework to assess how leadership styles influence financial, customer, process, and growth outcomes at Deed Microfinance, ASA Microfinance, and Octa Finance.

2.2 Empirical Review

2.2.1 Transformational Leadership and Organisational Performance

Transformational leadership, characterized by idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration, inspired employees to transcend self-interest for organizational goals (Bass, 1985). Nguyen et al. (2023) found that it enhances organizational performance in Vietnam by fostering creativity and employee commitment, particularly in emerging economies. In microfinance, transformational leaders motivate employees to innovate in client service delivery, improving satisfaction and loyalty (Hafeez & Bidari, 2022).

Agazu et al. (2025) conducted a systematic review of 54 studies, confirming that transformational leadership creates dynamic capabilities, enhancing firm performance in competitive industries. In Sub-Saharan Africa, Akonkwa et al. (2022) linked it to operational efficiency in small enterprises by empowering employees to innovate. In Uganda, Donkor et al. (2021) found that it improved client retention in microfinance, though limited training and resource constraints hinder its full impact.

Additional studies provided further insights:

Balakrishnan et al. (2024): Demonstrated that transformational leadership enhances performance in Malaysian firms through effective communication, fostering collaboration and innovation.

Jaaffar et al. (2023): Showed that it improves hotel performance in Jordan by encouraging innovative service practices, leading to higher customer satisfaction.

Sarwar et al. (2022): Found that transformational leadership boosted innovation among female leaders in Pakistani universities, enhancing institutional outcomes.

Sliwka et al. (2024): Highlighted its role in educational settings, promoting innovative teaching practices and improving learning outcomes.

Eaton et al. (2024): Noted that it supports democratic work environments, encouraging employee participation and innovation, strengthening organizational performance.

Alabdali et al. (2024): Linked transformational leadership to green digital transformation, fostering sustainable practices and performance in technology-driven organizations.

Katili et al. (2021): Found that it enhances employee performance by improving work-life balance and engagement in Indonesian firms.

These studies underscored transformational leadership's versatility in driving innovation and performance across sectors, making it critical for microfinance institutions in Kampala to address operational and client-focused challenges.

2.2.2 Servant Leadership and Organisational Performance

Servant leadership prioritized stakeholder needs through empathy, stewardship, listening, and community-building, creating a supportive organizational culture (Greenleaf, 1977). Abbas et al. (2021) found that it enhanced performance in Pakistan by improving employee trust and engagement, leading to higher client satisfaction. In microfinance, servant leaders fostered client-centric services, improving loyalty and financial sustainability (Meirinhos et al., 2023).

In East Africa, Akonkwa et al. (2022) associated it with improved employee morale in service industries, though cultural preferences for hierarchical leadership pose barriers. In Uganda, Donkor et al. (2021) suggested that servant leadership could enhance client satisfaction, but limited awareness and training restrict its adoption.

Additional studies include:

Demeke et al. (2024): Found that servant leadership improves healthcare service quality by enhancing employee trust and engagement.

Kyambade et al. (2024b): Demonstrated that it fosters psychological safety in Ugandan universities, improving employee commitment and institutional performance.

Ren and Shen (2024): Linked servant leadership to team innovation via increased self-efficacy, enhancing organizational outcomes.

Kim and Liden (2025): Showed that CEO servant leadership increases profitability through social exchange relationships, boosting motivation.

Cai et al. (2024): Found that it enhances work engagement through resilience and organizational support, improving performance in service settings.

Dorta-Afonso et al. (2025): Demonstrated that servant leadership promotes work-life balance and job satisfaction in the hotel industry, contributing to efficiency.

Urrila and Eva (2024): Showed that mindfulness-trained servant leaders enhance employee well-being, leading to better organizational performance.

Kyambade et al. (2024a): Found that servant leadership creates a sense of community in universities, strengthening performance. These findings highlighted servant leadership's potential to enhance employee-centric and client-focused outcomes in microfinance, particularly in Kampala's service-driven context.

2.2.3 Transactional Leadership and Organisational Performance

Transactional leadership focused on structured tasks, contingent rewards, and management-by-exception to ensure compliance and efficiency (Bass, 1985). Baig et al. (2021) found that it enhances performance in structured environments by aligning employee efforts with organizational goals. In microfinance, it ensures timely loan processing and regulatory compliance, critical for operational efficiency (Saleem et al., 2021). In Uganda, Donkor et al. (2021) noted that transactional leadership maintains efficiency but may reduced motivation if overused, contributing to turnover. Akonkwa et al. (2022) highlighted its prevalence in Sub-Saharan Africa's resource-constrained settings, where clear directives are essential.

Additional studies included:

- Ansari et al. (2024): Showed that transactional leadership supports agile project success by enforcing structured processes, ensuring timely delivery.
- Milhem et al. (2024): Found that it enhances ICT sector performance in Palestine through emotionally intelligent leadership and clear expectations.

- Masenya and Ngoepe (2025): Linked it to librarian retention in municipal libraries by maintaining structured work environments.
- Wuryaningrat et al. (2024): Confirmed that it improves employee performance through rewards and job satisfaction, though excessive control can increase stress.
- Khoshnaw and Karadas (2024): Showed that it fosters knowledge sharing in customs services, enhancing intellectual capital and performance.
- Mouazen et al. (2024): Found that it supports sustainable organizational change by aligning efforts with clear goals.
- Hutama et al. (2024): Demonstrated that it enhances performance through trust and job satisfaction, but over-control can hinder efficiency.
- Ali et al. (2024): Linked transactional leadership to employee retention via engagement and structured incentives. These studies affirm transactional leadership's role in ensuring efficiency and compliance, but its limitations in fostering long-term motivation highlight the need for balance with other styles in Kampala's microfinance sector.

2.3 Literature Summary and Gaps

The literature confirmed that leadership styles significantly influence organizational performance. Transformational leadership drives innovation and client satisfaction by inspiring creativity and commitment (Nguyen et al., 2023; Agazu et al., 2025). Servant leadership enhances employee engagement, trust, and client loyalty through empathy and community-building (Abbas et al., 2021; Kyambade et al., 2024b).

Transactional leadership ensured operational efficiency and compliance through structured rewards and corrective actions, though it reduced motivation if overused (Baig et al., 2021; Donkor et al., 2021). The Full Range Leadership Model and Path-Goal Theory integrate these styles, suggesting that adaptive leadership behaviors aligned with follower needs enhance performance in resource-constrained settings like microfinance (Sivarat et al., 2021; Pacia & Guevarra, 2023). The Balanced Scorecard Model provides a multidimensional framework for measuring performance, capturing financial and non-financial outcomes (Kaplan & Norton, 1992).

Despite these insights, several research gaps persisted:

Limited Context-Specific Research in Uganda: While studies highlight leadership's impact in Sub-Saharan Africa, there is insufficient research on microfinance institutions in Uganda, particularly in Kampala, where economic vibrancy amplifies leadership challenges (Nani & Safitri, 2021).

Lack of Empirical Evidence on Specific Metrics: Few studies examined how transformational, servant, and transactional leadership styles specifically impact financial sustainability, client satisfaction, and operational efficiency in microfinance (Alblooshi et al., 2021).

Underexplored Theoretical Applications: The application of the Full Range Leadership Model and Path-Goal Theory in microfinance settings remained limited, particularly in addressing Kampala's unique operational and cultural dynamics (Bans-Akutey, 2021).

Need for Comparative Analysis: Most studies focus on single leadership styles or organizations, limiting insights into how multiple styles interact across different institutions, such as Deed Microfinance, ASA Microfinance, and Octa Finance.

This study addressed these gaps by examining the relationships between transformational, servant, and transactional leadership styles and organizational performance in three Kampala-based microfinance institutions, using a mixed-methods approach to provide context-specific insights.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter outlined the methodology for investigating the influence of leadership styles on organizational performance in microfinance institutions in Kampala District, specifically at Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited. It detailed the research design, study area, population, sampling techniques, data sources, collection methods, instruments, quality control measures, data processing and analysis, variable measurement, ethical considerations, and methodological constraints. The methodology ensured a robust, comprehensive approach to addressing the research objectives and questions.

3.1 Research Design

The study employed a correlational research design, integrating quantitative and qualitative approaches to examine the relationships between leadership styles (transformational, servant, transactional) and organizational performance (financial sustainability, client satisfaction, operational efficiency). A correlational design was ideal as it allowed for the assessment of associations between variables without manipulating the environment, preserving the natural context of microfinance operations (Creswell & Creswell, 2018). The quantitative component used statistical tools to measure the strength and direction of relationships, providing objective, generalizable findings (Kumar, 2019). The qualitative component explored the underlying mechanisms and employee experiences through in-depth insights, enhancing the depth and richness of the analysis (Saunders et al., 2019). This mixed-methods approach ensured a comprehensive understanding, triangulating data to validate findings and addressed the complexity of leadership-performance dynamics in Kampala's microfinance sector.

3.2 Study Area

The study was conducted in Kampala District, Uganda, at three microfinance institutions: Deed Microfinance, ASA Microfinance (Uganda) Limited (Plot 228 Buye Kigowa Ntinda, P.O. Box 245, Kampala), and Octa Finance Limited (Plot 29/37 Ntinda Complex Block A F1-03, Ntinda). Kampala, as Uganda's economic and financial hub, hosts a thriving microfinance sector that supports financial inclusion for low-income communities and small-scale entrepreneurs. The selection of these institutions was strategic, as they represented diverse operational scales and leadership practices, allowing for a comparative analysis of transformational, servant, and transactional leadership styles. Kampala's dynamic business environment, characterized by high competition and regulatory oversight, amplified the need for effective leadership to address challenges like operational inefficiencies and client satisfaction declines, making it an ideal setting for this study (Nani & Safitri, 2021).

3.3 Study Population

The target population comprises 450 employees across Deed Microfinance, ASA Microfinance, and Octa Finance, including general managers, human resource officers, branch managers, loan officers, and support staff. These groups are directly influenced by leadership styles, as they engaged in strategic decision-making, operational management, and client-facing activities. Their diverse roles ensured a comprehensive perspective on how leadership practices impact organizational performance, from high-level strategy to frontline service delivery.

3.4 Sampling and Selection

3.4.1 Sample Size

Using Krejcie and Morgan's (1970) sample size determination table, a sample of 207 employees was selected from the population of 450 to ensure statistical significance and representativeness. This sample size balanced precision with practicality, allowing for robust quantitative analysis while accommodating qualitative depth.

Table 3.1: Population, Sample Size, and Sampling Method

Category	Population	Sample Size	Sampling Method
General Manager	3	3	Purposive Sampling
Human Resource Officers	6	6	Purposive Sampling
Branch Managers	30	24	Purposive Sampling
Loan Officers	240	117	Simple Random Sampling
Support Staff	171	57	Simple Random Sampling
Total	**450**	**207**	

Source: Payroll (2024)

3.5 Sampling Techniques

The study employed both simple random sampling and purposive sampling techniques to obtain respondents from the selected microfinance institutions. The use of multiple sampling techniques enabled the researcher to gather both quantitative and qualitative data from respondents with varying roles and levels of expertise within the organizations. In addition, customer-related variables were measured using a structured questionnaire administered to customers of the selected microfinance institutions. The questionnaire contained close-ended items measured on a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree. The instrument assessed variables such as customer satisfaction, service reliability, responsiveness, trust, and perceived service quality.

3.5.1 Simple Random Sampling

Simple random sampling was applied to loan officers, support staff, and customers of the selected microfinance institutions to ensure unbiased selection and enhance the generalizability of the findings. A sampling frame containing the names of all employees and registered customers within the selected categories was obtained from the respective institutions. Respondents were then selected randomly using a random number generator, giving each member an equal chance of participating in the study. According to Bryman and Bell (2019), simple random sampling minimizes selection bias and improves the representativeness of the sample.

The technique was considered appropriate because loan officers, support staff, and customers possess diverse experiences and perceptions regarding leadership practices and organizational performance. For customer-related variables, the structured questionnaire captured responses on issues such as satisfaction with service delivery, accessibility of financial services, complaint handling, and customer retention practices. This enabled the researcher to generate quantitative data that could easily be analyzed statistically.

3.5.2 Purposive Sampling

Purposive sampling was used to select general managers, human resource officers, and branch managers because of their specialized knowledge and strategic involvement in leadership practices and organizational operations. These respondents were considered key informants due to their direct responsibility in implementing, supervising, and evaluating leadership styles within the institutions. Saunders et al. (2019) note that purposive sampling enables the researcher to select respondents who possess rich and relevant information concerning the study topic.

The technique ensured that the study obtained in-depth insights regarding leadership dynamics, policy implementation, employee supervision, and organizational decision-making processes. Data from these respondents were collected using interview guides consisting of open-ended questions designed to capture detailed explanations and practical experiences concerning leadership styles and organizational performance in microfinance institutions.

3.6 Data Sources

3.6.1 Primary Data

Primary Data: Collected directly from employees through questionnaires, in-depth interviews, and focus group discussions to capture perceptions, experiences, and attitudes regarding leadership styles and their impact on performance. These methods provided firsthand insights into the lived experiences of employees in Kampala’s microfinance institutions.

3.6.2 Secondary Data

Secondary Data: Gathered from organizational documents, including annual reports, employee performance records, leadership training manuals, and client feedback reports. These sources provided contextual data, triangulated primary findings, and offer historical and operational insights (Yin, 2018).

3.7 Data Collection Methods

3.7.1 Questionnaire

Questionnaire: Administered to loan officers and support staff to collect standardized, quantitative data on leadership styles and performance. Questionnaires ensure consistency, reduce researcher bias, and facilitate statistical analysis (Bryman, 2016).

3.7.2 In-Depth Interview

This method was used to collect data from the general manager, human resource officers, and branch managers. The interview method was preferred because it provided rich data that surveys may not capture and enables flexibility to probe follow-up questions, clarifying ambiguities (Subedi, 2021).

3.7.3 Focus Group Discussion

Held with selected loan officers and support staff to explore collective perceptions and group dynamics related to leadership styles. Interactive discussions uncovered nuanced insights and shared experiences (Saunders et al., 2019).

3.7.4 Documentary Review

Involved analyzing organizational documents (e.g., leadership policies, performance reports) to provide context and validate primary data. This method ensured a comprehensive understanding of leadership practices and performance outcomes (Yin, 2018).

3.8 Data Collection Instruments

3.8.1 Survey Questionnaire

Structured with closed-ended questions on a five-point Likert scale (1=Strongly Disagree, 5=Strongly Agree), covering demographics, transformational leadership (e.g., vision, inspiration), servant leadership (e.g., empathy, stewardship), transactional leadership (e.g., rewards, management-by-exception), and organizational performance (e.g., financial sustainability, client satisfaction). The instrument ensured standardized data collection for statistical analysis.

3.8.2 Interview Guide

Semi-structured with open-ended questions probing leadership practices, challenges, and their impact on performance. It allowed flexibility to explore emerging themes and clarify responses.

3.8.3 Focus Group Discussion-Guide

Included open-ended questions on perceptions of leadership styles, their influence on teamwork, and their impact on performance metrics like client satisfaction and operational efficiency. It fostered interactive dialogue to capture collective insights

3.8.4 Documentary Review/Checklist

Covered leadership training reports, performance evaluations, client feedback, financial statements, and operational metrics to contextualize primary data and assess organizational outcomes.

3.9 Quality Control

3.9.1 Validity of the Instrument

The validity of a data instrument refered to how well it measured a specific variable or concept and produced the intended results (Sürücü & Maslakci, 2020). This validity test was used to measure whether the questions were valid or not (de Barros Ahrens et al., 2020). Amin's formula for establishing the content validity index (CVI) will be used and it will be computed by summing up the judges' ratings.

$$\text{Content Validity Index (CVI)} = \frac{\text{Number of items declared relevant}}{\text{The total number of items in the content validity test}}$$

Constructs that showed internal consistency at significant levels above 0.7 were considered valid. Constructs that showed internal consistency at significant levels above 0.7 were considered valid.

Table 3.2: Content Validity Index For Variables

Variables	No. of Items	No. of Items Relevant	CVI
Transformational Leadership	6	5	0.83
Servant Leadership	6	5	0.83
Transactional Leadership	6	5	0.83
Organizational Performance	10	9	0.90
Total	**28**	**24**	**0.86**

Source: Researcher's Compilation (2025)

All constructs achieved a CVI above 0.7 confirming their validity for use in the study, with an overall CVI of 0.86.

3.9.2 Reliability of the Instrument

Reliability meant that an instrument consistently produced the same results under similar conditions. The questionnaires were tested on 15 participants to check reliability as a trial. The internal consistency of the results was assessed using Cronbach's alpha method (Gani et al., 2020). The reliability coefficient, known as Cronbach's Alpha (α), was calculated using statistical analysis software like SPSS, which applies a specific formula.

Cronbach's α was defined as:

$$\alpha = \frac{K}{K-1}\left(1 - \frac{\sum_{i=1}^{K} \sigma_{Y_i}^2}{\sigma_X^2}\right)$$

Where (K) is the number of components (items), (∂_X^2) is the variance of observed total test scores, and (∂_Y^2) is the variance of component (i) for the current sample of persons. The alpha (α) reliability coefficient ranges from 0.00 to 1.00. A value closer to 1.00 indicates better reliability. According to Gani et al. (2020), measurements with a Cronbach's alpha of 0.7 or higher have adequate internal consistency and are accepted as reliable.

Table 3.3: Cronbach's Alpha Coefficient for Variables

Variables	Number of Items	Coefficient
Transformational Leadership	6	0.82
Servant Leadership	6	0.78
Transactional Leadership	6	0.75
Organizational Performance	10	0.80

Total	**28**	**0.79**

Source: Researcher's Compilation (2025)

Based on a pilot test with 15 participants, all constructs achieved coefficients above 0.7, indicating reliable measurement of leadership styles and organisational performance. The overall reliability was 0.79.

3.9.3 Credibility

Credibility was ensured through triangulation, using multiple data sources (questionnaires, interviews, focus groups, documents) to cross-verify findings, enhancing the trustworthiness of results (Yin, 2018).

3.9.4 Dependability

Dependability was maintained by documenting the research process (e.g., data collection, coding, analysis) in a detailed audit trail, allowing for replication and transparency (Saunders et al., 2019).

3.9.5 Confirmability

Confirmability was achieved by grounding findings in data, using verbatim quotes from interviews and focus groups to support interpretations, minimizing researcher bias (Yin, 2018).

3.9.6 Trustworthiness of Findings

Trustworthiness was enhanced through triangulation, thick descriptions of the research context (e.g., institutional profiles, employee roles), and member checking (validating findings with participants) to ensure qualitative rigor (Yin, 2018).

3.9.7 Transferability

Detailed descriptions of the study setting, participant characteristics, and operational contexts of Deed Microfinance, ASA Microfinance, and Octa Finance enabled other microfinance institutions to assess the applicability of findings to similar contexts (Saunders et al., 2019).

3.10 Data Processing, Management and Analysis

3.10.1 Qualitative Data Analysis

Qualitative data from interviews and focus groups was be analyzed using thematic analysis, following Braun and Clarke's (2006) six-step process: (1) familiarization with data, (2) generating initial codes, (3) searching for themes, (4) reviewing themes, (5) defining themes, and (6) producing the report. Transcripts were coded using software like NVivo to identify patterns related to leadership styles (e.g., vision-setting, empathy, rewards) and their impact on performance (e.g., client satisfaction, efficiency). Themes were categorized to align with the study's objectives, ensuring a systematic exploration of employee perceptions and experiences.

3.10.2 Quantitative Data Analysis

Quantitative data was analyzed using SPSS (Version 26), employing the following tools:

Frequencies Tool (Analyse > Descriptive Statistics > Frequencies): Used to compute percentages and frequency distributions for categorical variables, such as demographic characteristics (e.g., age, gender) and Likert scale responses (e.g., agreement levels on leadership practices). This tool was chosen for its ability to summarize categorical data, providing insights into response patterns across the sample.

Descriptives Tool (Analyse > Descriptive Statistics > Descriptives): Calculates means, standard deviations, and ranges for continuous variables, such as aggregated scores for transformational, servant, and transactional leadership, and performance metrics (e.g., financial sustainability scores). This tool was selected for its capacity to describe central tendencies and variability, facilitating comparisons across institutions.

Bivariate Correlation Tool (Analyse > Correlate > Bivariate): Computed Pearson's correlation coefficient to assess linear relationships between leadership styles (independent variables) and organizational performance indicators (dependent variables). Pearson's correlation was chosen for its robustness in analyzing linear associations, with significance levels set at $p < 0.05$ to determine statistical significance.

Multiple Regression Analysis (Analyse > Regression > Linear): Examined the combined and individual effects of leadership styles on performance, controlling for variables like employee tenure, education, or role. This tool was selected to model predictive relationships, estimate the relative contribution of each leadership style, and assess the overall model fit

Assumptions (e.g., normality, linearity) was tested using diagnostic tools like histograms and scatterplots. These tools ensured precise, statistically valid analysis, aligning with the correlational design's objectives to quantify relationships and predict performance outcomes. Results were presented in tables and charts for clarity.

3.11 Measurement of Variables

Leadership Styles (Independent Variable): Measured through three dimensions:

Transformational Leadership: Assessed via items on inspirational motivation (e.g., clear vision communication), intellectual stimulation (e.g., encouraging new ideas), and individualized consideration (e.g., personal support), using a five-point Likert scale (1=Strongly Disagree, 5=Strongly Agree).

Servant Leadership: Measured via items on empathy (e.g., addressing employee challenges), stewardship (e.g., community-building), and employee growth (e.g., professional development support), on a five-point Likert scale.

Transactional Leadership: Evaluated through items on contingent rewards (e.g., incentives for performance) and management-by-exception (e.g., addressing deviations), on a five-point Likert scale.

Organizational Performance (Dependent Variable): Measured through three indicators:

Financial Sustainability: Assessed via items on profitability and cost management (e.g., contribution to financial goals).

Client Satisfaction: Measured via items on service quality and loyalty (e.g., meeting client expectations).

Operational Efficiency: Evaluated through items on process effectiveness (e.g., minimal errors in loan processing). All items used a five-point Likert scale, ensuring consistency and comparability across constructs.

3.12 Ethical Considerations

The study adhered to ethical principles to protect participants and ensure research integrity:

Informed Consent: Participants received a detailed explanation of the study's purpose, procedures, and rights, with consent obtained voluntarily before data collection.

Confidentiality: Data was anonymized, stored securely, and used solely for academic purposes, with no identifiable information disclosed.

Accuracy: Findings were reported accurately without misrepresentation, ensuring fidelity to participant responses (Saunders et al., 2019).

Voluntary Participation: Participants coould withdrawl at any time without consequences.

Ethical Approval: The study sought approval from an institutional review board to ensure compliance with ethical standards.

3.13 Methodological Constraints

Respondent Bias: Self-reported data influenced by social desirability or inaccurate recall. This was mitigated through clear instructions, anonymity, and triangulation with secondary data.

Limited Generalizability: The case study design, focusing on three Kampala-based institutions, limited applicability to other contexts. Detailed contextual descriptions enhanced transferability.

Resource Constraints: Time and financial limitations restricted data collection depth. Pilot testing and efficient sampling optimized resource use.

Cultural Influences: Uganda's hierarchical culture affected responses to leadership styles. Qualitative methods explored cultural nuances to contextualize findings.

CHAPTER FOUR

PRESENTATION, ANALYSIS, AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents the data gathered using the questionnaire and interview guide as outlined in Chapter Three, together with the corresponding interpretations provided after each presentation. The findings are organized in line with the study objectives. Responses are summarized using frequencies, percentages, means, standard deviations, as well as correlation and regression matrices, all presented in tabular form. In addition, quantitative data obtained from the questionnaires is complemented by qualitative insights derived from the interviews.

4.1 Response rate.

The respondents who constituted the study sample are summarized in Table 4.1 below.

Table 4.1 Response Rate

Category	Number Expected	Number Participated	Response Rate (%)
General Manager	3	3	100%
Human Resource Officers	6	6	100%
Branch Managers	24	22	91.7%
Loan Officers	117	108	92.3%
Support Staff	57	53	93.0%
Total	**207**	**192**	**92.8%**

Source: Primary data

The study anticipated a total sample of 207 respondents drawn from different staff categories within the selected microfinance institutions. However, only 192 respondents participated in the study, resulting in an overall response rate of 92.8%. This response rate was considered sufficiently high and acceptable for data analysis, as it exceeded the minimum threshold of 70% recommended by C. R. Kothari (2004) for ensuring representativeness. The findings further indicated that all General Managers and Human Resource Officers participated in the study, each category attaining a 100% response rate. Branch Managers registered a slightly lower response rate of 91.7%, while Loan Officers and Support Staff recorded response rates of 92.3% and 93.0% respectively. Despite these minor variations, all categories demonstrated strong participation levels.

The high response rate achieved across the different respondent categories suggested that the data collected was reliable and adequate for analysis. It also implied that the findings could be generalized to the broader population with a reasonable degree of confidence.

4.2 Findings on demographic characteristics of the respondents

The respondents' demographic characteristics were considered for this study, as they might influence their opinions of leadership styles on the organizational performance of microfinance institutions in Kampala District. The aspects covered here include gender, age, education level, and working experience. The rationale for collecting and analyzing background data was to form an appropriate perspective on the study findings. The findings on demographic characteristics are presented in Table 4.2 below, followed by analysis and interpretation.

Table 4.2: Findings on demographic characteristics of the respondents

Demographic Characteristic	Count	Percentage (%)
Gender		
Male	84	43.5

Female	108	54.7
Age		
Below 25 years	24	12.5
26-35 years	101	52.7
36-50 years	54	28.1
Above 51 years	13	6.8
Education Level		
Certificate	29	15.0
Diploma	82	42.7
Bachelor's Degree	69	35.9
Postgraduate	12	6.3
Working Experience		
0-5 years	73	38.0
6-10 years	87	45.3
11-15 years	24	12.5
More than 16 years	8	4.2

Source: Primary data

The demographic characteristics of the respondents provide essential context for interpreting the findings of this study. As shown in Table 4.2, the respondents varied across gender, age, educational level, religion, and working experience in the selected microfinance institutions. These variables have implications for their level of awareness, involvement, and perspective on the sustainability of community projects.

Gender

The findings indicated that female respondents constituted the majority at 54.7%, compared to 43.5% male respondents. This implied that the selected microfinance institutions employed a relatively higher proportion of women than men. This trend is consistent with the nature of microfinance operations, which often emphasize customer relations, loan management, and community engagement roles that tend to attract more female employees. It also suggested that these institutions promoted gender inclusion in their workforce.

Age

The results showed that the largest proportion of respondents (52.7%) were aged between 26–35 years, followed by those aged 36–50 years (28.1%), while 12.5% were below 25 years and only 6.8% were above 51 years. This indicated that the selected microfinance institutions employed a predominantly youthful and middle-aged workforce. Such an age distribution suggested that the institutions preferred energetic, adaptable, and career-growing employees who could effectively handle the dynamic demands of the microfinance sector.

Education Level

The study revealed that most respondents held a diploma (42.7%) or a bachelor's degree (35.9%), while a smaller proportion had certificates (15.0%) and postgraduate qualifications (6.3%). This suggested that the selected microfinance institutions employed staff with moderate to high levels of education, particularly favoring diploma and degree holders. This level of education was appropriate for handling financial operations, customer management, and administrative responsibilities within the institutions, while the relatively lower number of postgraduate holders reflected the operational rather than highly specialized nature of most roles.

Working Experience

The findings indicated that the majority of respondents had between 6–10 years of work experience (45.3%), followed by those with 0–5 years (38.0%), while fewer had

11–15 years (12.5%) and more than 16 years (4.2%). This implied that the selected microfinance institutions employed a workforce with moderate levels of experience. Such a composition suggested a balance between relatively new employees who bring fresh ideas and moderately experienced staff who provide stability and practical knowledge, thereby enhancing overall organizational performance.

4.3 Descriptive statistics

This section presents the descriptive statistics of the study. The findings are presented in line with the study objectives

4.3.1 Descriptive statistics for Transformational Leadership

The study sought to evaluate how transformational leadership influence organizational performance of the selected microfinance institutions in Kampala District. This construct was assessed using twelve (12) items, and respondents rated their agreement on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings are presented in Table 4.3, followed by analysis and interpretation.

Table 4.3: Findings on descriptive statistics for transformational leadership

Statement	N	Min	Max	Mean	Std. Deviation
My leader inspires me with a clear vision for the organization.	192	1	5	3.78	0.91
The vision is clearly communicated to employees.	192	1	5	3.72	0.90
My leader encourages new ideas to improve services.	192	1	5	3.80	0.88
I feel motivated to go beyond my performance goals.	192	1	5	3.74	0.92

My leader provides personal support for my work.	192	1	5	3.70	0.91
Leadership creates a workplace that supports creativity.	192	1	5	3.76	0.90
My leader acts as a role model for ethical behaviour.	192	1	5	3.82	0.88
My leader builds trust by acting with integrity.	192	1	5	3.79	0.89
My leader challenges me to think of new ways to solve problems.	192	1	5	3.73	0.91
My leader supports my professional growth.	192	1	5	3.75	0.90
My leader motivates me to take on challenging tasks.	192	1	5	3.77	0.89
My leader listens to my ideas and considers them in decisions.	192	1	5	3.71	0.92
Overall Mean / Std. Deviation				**3.75**	**0.903**

Source: Primary data

The findings in Table 4.3 indicated that respondents generally held positive perceptions toward transformational leadership within the selected microfinance institutions. With an overall mean of 3.75 and a standard deviation of 0.903, the results suggested that employees perceived their leaders as inspiring, supportive, and committed to fostering creativity and professional growth.

Specifically, high mean scores were observed for statements such as “my leader acts as a role model for ethical behaviour” (Mean = 3.82) and “my leader encourages new ideas to improve services” (Mean = 3.80), reflecting that leaders were viewed as ethical exemplars who promoted innovation in service delivery. Similarly, “my leader builds trust by acting with integrity” (Mean = 3.79) and “my leader motivates me to take on challenging tasks” (Mean = 3.77) indicated that employees experienced a high level of trust, motivation, and ethical guidance from their leaders.

Slightly lower mean scores were recorded for statements like "my leader listens to my ideas and considers them in decisions" (Mean = 3.71) and "my leader provides personal support for my work" (Mean = 3.70), suggesting that while transformational leadership practices were generally strong, some employees perceived room for improvement in individualized attention and participative decision-making.

The standard deviation values, ranging from 0.88 to 0.92, indicated moderate variability in responses, suggesting that employees' experiences with transformational leadership were relatively consistent across the institutions. Overall, the findings implied that the selected microfinance institutions employed leaders who effectively inspired, motivated, and guided their employees toward achieving organizational goals, while also fostering creativity, ethical conduct, and professional development.

4.3.2 Descriptive statistics for servant leadership

The study sought to evaluate how servant leadership influence organizational performance of microfinance institutions in Kampala District. This construct was assessed using twelve (12) items, and respondents rated their agreement on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings are presented in Table 4.4, followed by analysis and interpretation.

Table 4.4: Findings on descriptive statistics for servant leadership

Statement	N	Min	Max	Mean	Std. Deviation
My leader prioritised my professional development needs.	192	1	5	3.87	0.761
My leader showed empathy towards employees' challenges.	192	1	5	3.92	0.765

My leader created a sense of community in the workplace.	192	1	5	3.95	0.768
Leadership encouraged collaboration among staff.	192	1	5	3.98	0.762
My leader actively listened to employee concerns.	192	1	5	3.86	0.770
My leader promoted trust and mutual respect in the team.	192	1	5	3.94	0.763
My leader made decisions that benefited the community.	192	1	5	3.90	0.766
My leader took responsibility for the team's well-being.	192	1	5	3.88	0.769
My leader encouraged me to develop my skills.	192	1	5	3.91	0.762
My leader supported ethical practices in the workplace.	192	1	5	3.97	0.760
My leader involved employees in decision-making.	192	1	5	3.93	0.764
My leader put the needs of employees before personal goals.	192	1	5	3.85	0.770
Overall Mean / Std. Deviation				**3.91**	**0.764**

Source: Primary data

The results presented in Table 4.4 reveal that respondents exhibited strong agreement regarding their leaders' demonstration of servant leadership within the selected microfinance institutions. With an overall mean of 3.91 and a standard deviation of 0.764, the findings suggested that employees generally perceived their leaders as prioritizing professional development, fostering collaboration, and promoting ethical and community-focused practices.

Specifically, high mean scores were recorded for statements such as "my leader supported ethical practices in the workplace" (Mean = 3.97) and "leadership encouraged collaboration among staff" (Mean = 3.98), indicating that the selected microfinance institutions employed leaders who actively promoted teamwork, integrity, and a sense of shared responsibility. Similarly, "my leader involved employees in decision-making" (Mean = 3.93) and "my leader promoted trust and mutual respect in the team" (Mean = 3.94) reflected that leaders encouraged participation, built trust, and nurtured positive workplace relationships.

Slightly lower mean scores were observed on statements such as "my leader put the needs of employees before personal goals" (Mean = 3.85) and "my leader actively listened to employee concerns" (Mean = 3.86), suggesting that while servant leadership practices were widely perceived, some employees felt there was room for improvement in individualized attention and prioritization of employee needs.

The standard deviation values, ranging from 0.760 to 0.770, indicated moderate variability in responses, showing some differences in employees' experiences across the institutions. Overall, the findings implied that the selected microfinance institutions employed leaders who consistently demonstrated core aspects of servant leadership, particularly in promoting collaboration, ethical conduct, trust, and professional development, while highlighting areas for further strengthening employee-centered practices.

4.3.3 Descriptive statistics for transactional leadership

The study sought to evaluate how transactional leadership influence organizational performance of microfinance institutions in Kampala District. This construct was assessed using twelve (12) items, and respondents rated their agreement on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings are presented in Table 4.5, followed by analysis and interpretation.

Table 4.5: Findings on descriptive statistics for transactional leadership

Statement	N	Min	Max	Mean	Std. Deviation

My leader sets clear performance expectations for tasks.	192	1	5	3.95	0.78
I receive rewards for meeting performance targets.	192	1	5	3.88	0.75
My leader provides feedback to correct performance issues.	192	1	5	3.93	0.77
Leadership ensures adherence to organizational procedures.	192	1	5	3.96	0.79
My leader monitors my work to ensure compliance.	192	1	5	3.89	0.76
Rewards are fairly distributed based on performance.	192	1	5	3.85	0.74
My leader only intervenes when I fail to meet standards.	192	1	5	3.92	0.78
My leader clearly defines my job responsibilities.	192	1	5	3.97	0.79
My leader provides incentives for completing tasks on time.	192	1	5	3.86	0.75
My leader addresses mistakes promptly to maintain standards.	192	1	5	3.94	0.77
My leader sets specific goals for my work.	192	1	5	3.90	0.76
My leader checks my progress to ensure tasks are on track.	192	1	5	3.91	0.76
Overall Mean / Std. Deviation				**3.91**	**0.767**

Source: Primary data

The findings indicated that respondents had strong perceptions of being involved in transactional leadership practices within the selected microfinance institutions. With an overall mean of 3.91 and a standard deviation of 0.767, the results suggested that employees generally agreed that their leaders maintained clear performance expectations, monitored work closely, and provided feedback and incentives to ensure adherence to organizational standards.

Specifically, high mean scores were observed on statements such as “my leader clearly defines my job responsibilities” (Mean = 3.97) and “leadership ensures adherence to organizational procedures” (Mean = 3.96), indicating that the selected microfinance institutions employed leaders who emphasized structure, clarity, and compliance. Similarly, “my leader sets clear performance expectations for tasks” (Mean = 3.95) and “my leader addresses mistakes promptly to maintain standards” (Mean = 3.94) highlighted that leaders actively guided employees toward achieving organizational goals while correcting deviations in a timely manner.

Some slightly lower mean scores were noted for statements such as “rewards are fairly distributed based on performance” (Mean = 3.85) and “I receive rewards for meeting performance targets” (Mean = 3.88), suggesting that while reward systems existed, there were minor perceptions of inconsistency in recognition and incentives.

The standard deviation values, ranging from 0.74 to 0.79, reflected moderate variability in responses, indicating that employees’ experiences with transactional leadership were generally consistent across the institutions. Overall, the findings implied that the selected microfinance institutions employed leaders who actively managed performance, ensured accountability, and promoted compliance with organizational standards, while also highlighting opportunities for enhancing fairness in reward distribution.

4.3.4 Descriptive statistics for organizational performance

The study sought to evaluate how organizational performance influence leadership styles for microfinance institutions in Kampala District. This construct was assessed using twelve (12) items, and respondents rated their agreement on a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The findings are presented in Table 4.6, followed by analysis and interpretation.

Table 4.6: Findings on descriptive statistics for organizational performance

Statement	N	Min	Max	Mean	Std. Deviation
My work contributes to the financial sustainability of the organization.	192	1	5	3.94	0.75
I deliver services that meet client expectations.	192	1	5	3.91	0.74
I complete loan processing tasks with minimal errors.	192	1	5	3.87	0.76
My work follows the organization's operational standards.	192	1	5	3.95	0.75
I achieve my set targets for client satisfaction.	192	1	5	3.92	0.74
I complete my tasks within the required timelines.	192	1	5	3.90	0.75
My work contributes to efficient operational processes.	192	1	5	3.93	0.76
My performance in the previous assessment period was strong.	192	1	5	3.88	0.76
I achieved at least 70% of my targets in the previous financial year.	192	1	5	3.91	0.75
I am likely to achieve at least 70% of my targets this financial year.	192	1	5	3.92	0.74
Overall Mean / Std. Deviation				**3.918**	**0.753**

Source: Primary data

The findings demonstrated that respondents generally perceived the organizational performance of the selected microfinance institutions positively. With an overall mean of 3.918 and a standard deviation of 0.753, the results suggested that employees recognized their contributions to the financial sustainability, operational efficiency, and service quality of their organizations.

Specifically, high mean scores were observed for statements such as "my work follows the organization's operational standards" (Mean = 3.95) and "my work contributes to the financial sustainability of the organization" (Mean = 3.94), indicating that employees felt their tasks aligned well with organizational goals and standards. Similarly, "my work contributes to efficient operational processes" (Mean

= 3.93) and “I am likely to achieve at least 70% of my targets this financial year” (Mean = 3.92) reflected employees’ confidence in their ability to meet targets and enhance overall performance.

Slightly lower mean scores were noted for statements like “my performance in the previous assessment period was strong” (Mean = 3.88) and “I complete loan processing tasks with minimal errors” (Mean = 3.87), suggesting that while overall performance was perceived positively, some employees recognized areas where improvements in accuracy and past performance could be made.

The standard deviation values, ranging from 0.74 to 0.76, indicated moderate variability in responses, showing a generally consistent perception of organizational performance across the sampled employees. Overall, the findings implied that the selected microfinance institutions maintained strong operational performance, with employees actively contributing to financial sustainability, client satisfaction, and efficient service delivery.

4.4 Correlation results

To determine the strength and direction of the relationship between the components of leadership styles and organizational performance for the selected microfinance institutions in Kampala District., Pearson’s correlation coefficient (r) was calculated. This test was suitable for measuring the linear association between the continuous study variables. Specifically, the analysis examined the relationships among transformational leadership, servant leadership, transactional leadership and organizational performance (dependent variable). Statistically significant correlations were found at the 0.01 level (2-tailed). The results are presented in Table 4.7 below;

Table 4.7: Correlation results

		Transformational leadership	Servant leadership	Transactional leadership	Organizational performance
Transformational leadership	Pearson Correlation	1	.446**	.392**	.419**
	Sig. (2-tailed)		.000	.000	.000
	N	192	192	192	192
Servant leadership	Pearson Correlation	.446**	1	.580**	.518**
	Sig. (2-tailed)	.000		.000	.000
	N	192	192	192	192
Transactional leadership	Pearson Correlation	.392**	.580**	1	.653**
	Sig. (2-tailed)	.000	.000		.000
	N	192	192	192	192
Organizational performance	Pearson Correlation	.419**	.518**	.653**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	192	192	192	192
**. Correlation is significant at the 0.01 level (2-tailed).					

The study sought to examine the relationships between the dimensions of leadership styles and organizational performance for the selected microfinance institutions in Kampala District. To determine the strength and direction of these relationships, Pearson's correlation coefficient (r) was computed. This statistical test was appropriate for measuring the linear association between continuous study variables, specifically assessing the relationships among transformational leadership, servant leadership, transactional leadership, and organizational performance as the dependent variable. All correlations were tested for statistical significance at the 0.01 level (2-tailed).

The results presented in Table 4.7 indicated positive and statistically significant relationships between all leadership dimensions and organizational performance. Transformational leadership was positively correlated with organizational performance ($r = 0.419$, $p < 0.01$), suggesting that employees who perceived higher levels of transformational leadership also reported stronger organizational performance outcomes. Similarly, servant leadership exhibited a significant positive correlation with organizational performance ($r = 0.518$, $p < 0.01$), indicating that leaders who prioritized employee development, ethical practices, and collaboration contributed to enhanced organizational outcomes. Transactional leadership demonstrated the strongest correlation with organizational performance ($r = 0.653$, $p < 0.01$), reflecting that structured management practices, clear performance expectations, and reward systems were strongly associated with employees' perception of organizational effectiveness.

In addition, significant positive interrelationships were observed among the leadership styles themselves. Transformational leadership correlated positively with servant leadership ($r = 0.446$, $p < 0.01$) and transactional leadership ($r = 0.392$, $p < 0.01$), while servant leadership also correlated strongly with transactional leadership ($r = 0.580$, $p < 0.01$). These results suggested that the leadership dimensions were complementary, reinforcing each other in promoting organizational performance within the selected microfinance institutions.

Overall, the findings demonstrated that all three leadership styles significantly influenced organizational performance, highlighting the importance of a balanced leadership approach that integrates transformational, servant, and transactional practices to achieve optimal outcomes.

4.5 Multiple regression analysis

The researcher employed multiple linear regression analysis at a 95% confidence interval to test the hypotheses. The multiple regression analysis conducted in this study aimed to assess the extent to which the components of leadership styles (transformational leadership, servant leadership and transactional leadership) influence organizational performance for the selected microfinance institutions in Kampala District. The results are presented in Table 4.8 below;

Table 4.8: Multiple regression analysis for study variables

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.688[a]	.474	.466	2.40386
a. Predictors: (Constant), Transformational leadership, Servant leadership, Transactional leadership				

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1112.764	3	370.921	64.189	.000[b]
	Residual	1236.612	192	5.779		
	Total	2349.376	217			
a. Dependent Variable: Organizational performance						
b. Predictors: (Constant), Transformational leadership, Servant leadership, Transactional leadership						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.359	2.156		4.805	.000
	Transformational leadership	.156	.058	.151	2.680	.008
	Servant leadership	.169	.067	.160	2.509	.013
	Transactional leadership	.581	.072	.502	8.098	.000
a. Dependent Variable: Organizational performance						

The regression analysis was conducted to determine the extent to which the independent variables—transformational leadership, servant leadership, and transactional leadership—influenced organizational performance in the selected microfinance institutions in Kampala District.

The model summary indicated that the combined effect of the three leadership dimensions explained 47.4% of the variance in organizational performance (R^2 = 0.474, Adjusted R^2 = 0.466), suggesting a moderately strong predictive power of the model. The standard error of the estimate was 2.404, indicating the average deviation of the observed organizational performance scores from the predicted values.

The ANOVA results revealed that the regression model was statistically significant ($F = 64.189$, $p < 0.001$), implying that the leadership dimensions, as a group, significantly predicted organizational performance in the sampled institutions.

Examining the coefficients, transactional leadership had the strongest influence on organizational performance ($\beta = 0.502$, $p < 0.001$), indicating that structured management practices, clear performance expectations, and reward systems were key predictors of higher organizational performance. Servant leadership also had a significant positive effect ($\beta = 0.160$, $p = 0.013$), demonstrating that leaders who prioritized employee well-being, ethical conduct, and collaborative practices contributed meaningfully to performance outcomes. Transformational leadership showed a significant but comparatively smaller effect ($\beta = 0.151$, $p = 0.008$), suggesting that inspiring, motivating, and ethically guiding employees positively influenced organizational performance, though to a lesser extent than transactional leadership.

Overall, the findings indicated that all three leadership styles significantly influenced organizational performance, with transactional leadership exerting the most substantial impact, followed by servant and transformational leadership. This implied that a combined approach, integrating structured management with employee-focused and inspirational practices, was crucial for enhancing the performance of microfinance institutions in Kampala District.

CHAPTER FIVE

DISCUSSION OF FINDINGS AND INTERPRETATION

5.1 Introduction

This chapter summarizes the study's findings, discusses the empirical results in relation to the research objectives and hypotheses, and compares these findings with similar research conducted elsewhere. It presents the researcher's conclusions and offers recommendations based on the study. Additionally, the chapter identifies areas for future research on the topic of leadership styles and organizational performance in the selected microfinance institutions in Kampala District.

5.2 Summary of the findings

The study revealed a number of findings. These findings are summarized below;

5.2.1 Transformational leadership

The study found that transformational leadership had a generally positive influence on organizational performance in the selected microfinance institutions in Kampala District. The descriptive statistics indicated that respondents generally held positive perceptions toward transformational leadership. The overall mean score was 3.75, with a standard deviation of 0.903, suggesting that employees consistently recognized transformational leadership behaviors across the institutions.

Among the specific indicators, the highest mean was observed for the statement "My leader acts as a role model for ethical behaviour" (Mean = 3.82), reflecting that ethical conduct by leaders was highly valued by employees. Similarly, statements such as "My leader encourages new ideas to improve services" (Mean = 3.78) and "Leadership creates a workplace that supports creativity" (Mean = 3.77) demonstrated that employees perceived their leaders as innovative and supportive of creative problem-solving. The slightly lower mean of 3.68 for "My leader listens to my ideas and considers them in decisions" suggested that while leaders were generally receptive, there remained room for improving participative decision-making.

Correlation analysis further showed that transformational leadership had a significant positive relationship with organizational performance ($r = 0.419$, $p < 0.01$), while multiple regression analysis indicated a significant positive effect on organizational performance ($\beta = 0.151$, $p = 0.008$). These findings implied that transformational leadership contributed to enhanced employee motivation, ethical behavior, and innovation, which in turn supported organizational effectiveness in the microfinance sector.

Overall, the results demonstrated that transformational leadership was recognized by employees as an important factor for guiding, motivating, and inspiring performance, although its effect on organizational performance was slightly less pronounced compared to transactional leadership.

5.2.2 Servant leadership

The study revealed that servant leadership was highly regarded by employees in the selected microfinance institutions in Kampala District. The descriptive statistics indicated an overall mean of 3.91 with a standard deviation of 0.764, suggesting that respondents consistently perceived servant leadership behaviors as prevalent in their organizations.

Among the specific indicators, the highest mean was reported for “My leader supported ethical practices in the workplace” (Mean = 3.97, SD = 0.760), reflecting that employees strongly valued leaders who upheld ethics in all organizational activities. Similarly, “Leadership encouraged collaboration among staff” (Mean = 3.98, SD = 0.762) and “My leader created a sense of community in the workplace” (Mean = 3.95, SD = 0.768) showed that employees perceived a strong culture of teamwork and inclusivity fostered by leaders. Other statements, such as “My leader showed empathy towards employees’ challenges” (Mean = 3.92, SD = 0.765) and “My leader promoted trust and mutual respect in the team” (Mean = 3.94, SD = 0.763), indicated that employees felt supported and respected by their leaders. The slightly lower mean of 3.85 (SD = 0.770) for “My leader put the needs of employees before personal goals” suggested minor variability in perceptions regarding the prioritization of employee needs over personal or organizational interests.

The correlation analysis indicated a significant positive relationship between servant leadership and organizational performance ($r = 0.518$, $p < 0.01$). Additionally, the regression analysis revealed a significant positive effect of servant leadership on organizational performance ($\beta = 0.160$, $p = 0.013$). These findings suggested that servant leadership behaviors—such as empathy, ethical guidance, fostering collaboration, and prioritizing employee development—substantially contributed to improved organizational outcomes.

Overall, the results demonstrated that servant leadership was highly valued by employees for creating a supportive, ethical, and collaborative work environment, which in turn enhanced organizational performance in the selected microfinance institutions.

5.2.3 Transactional leadership

The study revealed that transactional leadership was positively perceived by employees in the selected microfinance institutions in Kampala District. The descriptive statistics indicated an overall mean of 3.91 with a standard deviation of

0.767, suggesting that respondents generally agreed that transactional leadership practices were consistently applied in their workplaces.

Among the specific indicators, statements such as “My leader clearly defines my job responsibilities” (Mean = 3.97, SD = 0.79) and “Leadership ensures adherence to organizational procedures” (Mean = 3.96, SD = 0.79) reflected that employees recognized the importance of clarity, structure, and compliance in organizational processes. “My leader sets clear performance expectations for tasks” (Mean = 3.95, SD = 0.78) and “My leader addresses mistakes promptly to maintain standards” (Mean = 3.94, SD = 0.77) highlighted the emphasis on performance monitoring and corrective actions. Conversely, “Rewards are fairly distributed based on performance” (Mean = 3.85, SD = 0.74) indicated slightly lower agreement, suggesting some variability in perceptions regarding fairness in reward allocation.

The correlation results demonstrated a strong positive relationship between transactional leadership and organizational performance ($r = 0.653$, $p < 0.01$). Additionally, the regression analysis indicated that transactional leadership significantly influenced organizational performance ($\beta = 0.502$, $p < 0.001$). These findings implied that transactional leadership practices—such as setting specific goals, monitoring performance, providing corrective feedback, and offering incentives—were critical in driving employee accountability and achieving organizational objectives.

Overall, the results demonstrated that transactional leadership effectively complemented transformational and servant leadership by promoting task completion, adherence to standards, and organizational efficiency in the selected microfinance institutions.

5.3 Discussions

This section presents the discussion of the findings

5.3.1 Transformational leadership

The study found that transformational leadership had a positive influence on organizational performance. The findings indicated that respondents generally held positive perceptions toward transformational leadership behaviors, with an overall mean of 3.75 and a standard deviation of 0.903. Employees reported that their leaders inspired them with a clear vision, encouraged new ideas, supported professional growth, and acted as ethical role models. For instance, the highest-rated statements included “My leader acts as a role model for ethical behaviour” (Mean = 3.61, SD = 1.15) and “My leader encourages new ideas to improve services” (Mean = 3.55, SD = 1.18), highlighting the emphasis on motivation, innovation, and ethical conduct.

These findings align with Bass’s (1990) transformational leadership theory, which posits that leaders who inspire, motivate, and intellectually stimulate employees can enhance organizational performance. In the context of the selected microfinance institutions, transformational leaders promoted creativity, trust, and ethical practices, which enabled employees to exceed their performance targets.

Furthermore, the correlation analysis revealed a positive and significant relationship between transformational leadership and organizational performance (r = 0.419, p

< 0.01), and regression results indicated a significant positive effect (ß = 0.151, p = 0.008). This suggests that transformational leadership behaviors contributed to improving employee motivation, engagement, and overall performance outcomes, consistent with prior studies in financial service organizations in Uganda (e.g., Kazoora & Kato, 2021).

Overall, transformational leadership in these institutions fostered a supportive and visionary environment, encouraging employees to go beyond routine tasks, embrace innovative practices, and align their efforts with organizational goals. Such leadership practices proved instrumental in sustaining high performance and enhancing operational efficiency in the microfinance sector.

5.3.2 Servant leadership

The study revealed that servant leadership was strongly perceived by employees in the selected microfinance institutions, with an overall mean of 3.91 and a standard deviation of 0.764. Respondents reported that their leaders prioritized professional development, demonstrated empathy, promoted trust and collaboration, and actively involved employees in decision-making. For instance, statements such as "Leadership encouraged collaboration among staff" (Mean = 3.98, SD = 0.762) and "My leader supported ethical practices in the workplace" (Mean = 3.97, SD = 0.760) reflected the emphasis on teamwork, ethical conduct, and community-building within the organization.

These findings support the principles of servant leadership theory, which emphasize that leaders prioritize the growth, well-being, and development of their employees to achieve organizational goals (Greenleaf, 1977). In the context of Deed

Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited, servant leadership fostered a sense of belonging, enhanced trust, and encouraged employees to actively participate in decision-making processes. This inclusive approach helped create a positive organizational culture, which is critical in service-oriented sectors such as microfinance.

The correlation results further indicated a significant positive relationship between servant leadership and organizational performance ($r = 0.518$, $p < 0.01$). The regression analysis demonstrated that servant leadership significantly predicted organizational performance ($\beta = 0.160$, $p = 0.013$), suggesting that employees' perceptions of being supported, valued, and empowered directly influenced their effectiveness in delivering financial services, meeting targets, and maintaining operational efficiency.

Overall, servant leadership in these institutions cultivated a supportive work environment where employees felt motivated to develop their skills, uphold ethical standards, and collaborate effectively. This leadership style complemented transformational and transactional leadership by ensuring employee-centered practices, promoting trust, and enhancing organizational performance in the competitive microfinance sector in Kampala.

5.3.3 Transactional leadership

The findings indicated that transactional leadership was positively perceived by employees in the selected microfinance institutions, with an overall mean of 3.91 and a standard deviation of 0.767 (Table 4.5). Respondents reported that their leaders clearly set performance expectations, monitored work compliance, provided feedback, and offered incentives for meeting targets. For example, statements such as “My leader clearly defines my job responsibilities” (Mean = 3.97, SD = 0.79) and “Leadership ensures adherence to organizational procedures” (Mean = 3.96, SD = 0.79) highlighted the emphasis on structured processes, accountability, and reward-based motivation.

These results align with transactional leadership theory, which emphasizes contingent reward systems, clear task expectations, and corrective actions to maintain standards and achieve organizational objectives (Burns, 1978). In the context of Deed Microfinance, ASA Microfinance (Uganda) Limited, and Octa Finance Limited, transactional leadership promoted discipline, operational efficiency, and predictable performance outcomes, which are essential in the microfinance sector where adherence to procedures and risk management are critical.

The correlation analysis showed a significant positive relationship between transactional leadership and organizational performance ($r = 0.653$, $p < 0.01$). Regression results further demonstrated that transactional leadership had a strong predictive effect on organizational performance ($\beta = 0.502$, $p < 0.001$), indicating that structured leadership practices, including clear guidance, monitoring, and performance-based rewards, significantly contributed to achieving organizational goals.

Overall, transactional leadership in these institutions created a performance-oriented environment where employees were guided by clearly defined expectations, monitored for compliance, and incentivized for high performance. This leadership style complemented transformational and servant leadership by providing structure, accountability, and motivation, thereby enhancing organizational efficiency, service delivery, and the overall performance of the selected microfinance institutions in Kampala District.

CHAPTER SIX

CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

6.1.1 Transformational leadership

The study concluded that transformational leadership had a positive influence on organizational performance in the selected microfinance institutions in Kampala District. Respondents reported high levels of agreement regarding the ability of their leaders to inspire a clear organizational vision, encourage creativity, provide personal support, and serve as ethical role models, with an overall mean of 3.75 and a standard deviation of 0.903

The findings indicated that transformational leaders motivated employees to exceed performance expectations, promoted innovative problem-solving, and built trust through ethical behavior and integrity. Correlation analysis revealed a significant positive relationship between transformational leadership and organizational performance ($r = 0.419$, $p < 0.01$), while regression results demonstrated that transformational leadership significantly predicted organizational performance ($\beta = 0.151$, $p = 0.008$).

In conclusion, transformational leadership in the selected microfinance institutions facilitated a motivated and engaged workforce, fostered creativity, and enhanced performance outcomes. Leaders who provided clear direction, encouraged professional growth, and acted as ethical role models contributed meaningfully to the achievement of organizational goals, service delivery, and operational efficiency in the microfinance sector.

6.1.2 Servant leadership

The study concluded that servant leadership significantly contributed to positive organizational outcomes in the selected microfinance institutions in Kampala District. Respondents reported strong agreement that their leaders prioritized employee professional development, promoted ethical practices, encouraged collaboration, and fostered a sense of community, reflected in an overall mean of 3.91 and a standard deviation of 0.764.

The findings indicated that servant leaders demonstrated empathy, actively listened to employee concerns, and placed the needs of staff before personal goals, creating a supportive and inclusive work environment. Correlation analysis revealed a significant positive relationship between servant leadership and organizational performance ($r = 0.518$, $p < 0.01$), while regression results showed that servant leadership significantly predicted organizational performance ($\beta = 0.160$, $p = 0.013$).

In conclusion, servant leadership in these institutions cultivated trust, mutual respect, and ethical behavior among employees. By emphasizing the well-being and growth of staff, servant leaders enhanced employee engagement, collaboration, and overall performance, thereby supporting the achievement of organizational goals and sustainable service delivery in the microfinance sector.

6.1.3 Transactional leadership

The study concluded that transactional leadership had a significant impact on organizational performance in the selected microfinance institutions in Kampala District. Respondents reported high agreement that their leaders set clear performance expectations, monitored compliance, provided corrective feedback, and rewarded performance, as reflected by an overall mean of 3.91 and a standard deviation of 0.767.

The findings indicated that transactional leaders emphasized structured processes, accountability, and performance-based incentives. Employees noted that clearly defined job responsibilities, adherence to organizational procedures, and timely recognition of achievements contributed to efficient task completion and operational consistency. Correlation analysis demonstrated a significant positive relationship between transactional leadership and organizational performance ($r = 0.653$, $p < 0.01$), and regression results confirmed that transactional leadership strongly predicted organizational performance ($\beta = 0.502$, $p < 0.001$).

In conclusion, transactional leadership in the selected microfinance institutions created a performance-oriented work environment where employees were guided by clear expectations and held accountable for results. By reinforcing discipline, monitoring progress, and rewarding achievement, transactional leaders significantly enhanced operational efficiency, service delivery, and the overall performance of the institutions.

6.2 Recommendations

Based on the findings of the study, the following practical and organizational policy recommendations are proposed.

6.2.1 Transformational leadership

Based on the study findings, it is recommended that the selected microfinance institutions in Kampala District strengthen transformational leadership practices to enhance organizational performance by articulating a clear and compelling vision, fostering innovation through creativity and employee recognition, providing consistent personal support and mentoring, modeling ethical behavior, and promoting structured professional growth opportunities. Implementing these strategies can improve employee motivation, engagement, and commitment, stimulate innovative problem-solving, and ultimately contribute to higher organizational performance.

6.2.2 Servant leadership

The study recommended that the selected microfinance institutions in Kampala District adopt and reinforce servant leadership practices to enhance employee satisfaction and organizational performance. Leaders should prioritize employees' professional development, show empathy towards staff challenges, create a sense of community, actively listen to employee concerns, promote trust and mutual respect, and involve employees in decision-making processes. By putting employees' needs before personal goals and fostering collaboration, leaders can build a supportive work environment that encourages commitment, ethical practices, and team cohesion, ultimately improving service delivery and overall organizational outcomes.

6.2.3 Transactional leadership

The study recommended that the selected microfinance institutions in Kampala District strengthen transactional leadership practices to enhance organizational performance by clearly defining performance expectations, providing timely feedback, monitoring employee work, and fairly distributing rewards based on achievement. Leaders should ensure adherence to organizational procedures, set specific goals, and offer incentives for meeting targets, while addressing mistakes promptly to maintain standards. Implementing these practices can improve employee accountability, efficiency, and compliance, leading to better task completion, operational consistency, and overall organizational effectiveness.

6.3 Limitations of the study

The study encountered several limitations that may have influenced the findings. First, the research focused exclusively on selected microfinance institutions in Kampala District which limits the generalizability of the results to other microfinance institutions or financial organizations in Uganda. Second, the study relied on self-reported data from employees through questionnaires and interviews, which may be subject to response bias, including social desirability or selective reporting. Third, time and resource constraints limited the sample to 192 respondents for quantitative analysis and 12 in-depth interviews plus three focus group discussions for qualitative insights, potentially affecting the comprehensiveness of the data. Finally, the cross-sectional design of the study captured perceptions at a single point in time, making it difficult to establish causal relationships or account for changes in leadership practices and organizational performance over time. Despite these limitations, the study provides valuable insights into the influence of transformational, servant, and transactional leadership on organizational performance in microfinance institutions.

6.4 Areas recommended for future research

Based on the findings and limitations of this study, several areas are recommended for future research. First, similar studies could be conducted across a broader range of microfinance institutions and other financial sectors in Uganda to enhance generalizability and compare leadership practices across different organizational contexts. Second, longitudinal studies could be undertaken to examine how leadership styles influence organizational performance over time, capturing changes and trends that a cross-sectional design cannot provide. Third, future research could explore additional leadership styles, such as democratic, laissez-faire, or charismatic leadership, to assess their impact on employee motivation, innovation, and performance outcomes. Fourth, studies could investigate the moderating or mediating roles of organizational culture, employee engagement, or technology adoption on the relationship between leadership styles and organizational performance. Finally, research could also focus on the influence of leadership on specific performance metrics, such as customer satisfaction, financial sustainability, and operational efficiency, to provide more targeted insights for organizational improvement.

REFERENCES

Abbas, A., Saud, M., Ekowati, D., Usman, I., & Suhariadi, F. (2021). Servant leadership: a strategic choice for organisational performance. An empirical discussion from Pakistan. *International Journal of Productivity and Quality Management*, *34*(4), 468-485.

Adeoye, M. A., Baharun, H., & Munawwaroh, I. (2025). Transformational Leadership in Education: Harmonising Accountability, Innovation and Global Citizenship. *Kharisma: Jurnal Administrasi Dan Manajemen Pendidikan*, *4*(1), 14-30.

Agazu, B. G., Kero, C. A., & Debela, K. L. (2025). Transformational leadership and firm performance: a systematic literature review. *Journal of Innovation and Entrepreneurship*, *14*(1), 29.

Akonkwa, D. B. M., Lunanga, E., Mukulu, J. B., Bugandwa, T. C., & Mwaza, E. F. (2022). Leadership styles and small enterprises' performance: Is gender an issue? Empirical study from Democratic Republic of Congo. *Journal of Entrepreneurship and Innovation in Emerging Economies*, *8*(1), 60-82.

Alabdali, M. A., Yaqub, M. Z., Agarwal, R., Alofaysan, H., & Mohapatra, A. K. (2024). Unveiling green digital transformational leadership: Nexus between green digital culture, green digital mindset, and green digital transformation. *Journal of cleaner production*, *450*, 141670.

Alblooshi, M., Shamsuzzaman, M., & Haridy, S. (2021). The relationship between leadership styles and organisational innovation: A systematic literature review and narrative synthesis. *European Journal of Innovation Management*, *24*(2), 338-370.

Ali, M., Niu, X., & Rubel, M. R. B. (2024). The influence of transformational and transactional leadership on employee retention: mediating role of employee engagement. *Management Matters*, *21*(2), 164-190.

Aman-Ullah, A., Mehmood, W., Amin, S., & Abbas, Y. A. (2022). Human capital and organizational performance: A moderation study through innovative leadership. *Journal of innovation & knowledge*, *7*(4), 100261.

Ambad, S. N. A., Kalimin, K. M., Ag Damit, D. H. D., & Andrew, J. V. (2021). The mediating effect of psychological empowerment on leadership styles and task performance of academic staff. *Leadership & Organization Development Journal*, *42*(5), 763-782.

Andrej, N., Breznik, K., & Natek, S. (2023). Managing knowledge to improve performance: The impact of leadership style and knowledge management on organizational performance with moderation effects via PLS-SEM. *Journal of the Knowledge Economy*, *14*(2), 1672-1701.

Ansari, M. S. A., Abouraia, M., El Morsy, R., & Thumiki, V. R. R. (2024). Influence of transformational and transactional leadership on agile project success. *Project Leadership and Society*, *5*, 100136.

Asbari, M. (2024). Linking transformational and transactional leadership on teacher satisfaction during digital era. *PROFESOR: Professional Education Studies and Operations Research*, *1*(01), 16-24.

Asbari, M. (2024). The Effect of Transformational Leadership, Organizational Structure and Learning Culture on School Innovation Capacity. *PROFESOR: Professional Education Studies and Operations Research*, *1*(02), 22-32.

Ausat, A. M. A., Shafiq, M. A., Wafik, D., & López, N. A. S. (2024). The role of transformational leadership in improving employee psychological wellbeing: a review. *Apollo: Journal of Tourism and Business*, *2*(1), 148-157.

Avwokeni, A. J. (2024). Strategic leadership and transactional leadership: The mediating effect of digital leadership in the world of Industry 4.0. *Journal of Economic and Administrative Sciences*, (ahead-of-print).

Baig, S. A., Iqbal, S., Abrar, M., Baig, I. A., Amjad, F., Zia-ur-Rehman, M., & Awan, M. U. (2021). Impact of leadership styles on employees' performance with moderating role of positive psychological capital. *Total Quality Management & Business Excellence*, *32*(9-10), 1085-1105.

Balakrishnan, K., Angusamy, A., Patil, R. G., & Razak, M. N. F. (2024). Enhancing work performance: The role of communication and leadership styles. *Jurnal Komunikasi: Malaysian Journal of Communication*, *40*(1), 376-394.

Bans-Akutey, A. (2021). The path-goal theory of leadership. *Academia Letters*, *2*(748), 10-20935.

Cai, M., Wang, M., & Cheng, J. (2024). The effect of servant leadership on work engagement: The role of employee resilience and organizational support. *Behavioral Sciences*, *14*(4), 300.

Carvalho, A., Alves, H., & Leitão, J. (2022). What research tells us about leadership styles, digital transformation and performance in state higher education?. *International Journal of Educational Management*, *36*(2), 218-232.

Chang, H. H. (2009). An empirical study of evaluating supply chain management integration using the balanced scorecard in Taiwan. *The Service Industries Journal*, *29*(2), 185-202.

Demeke, G. W., van Engen, M. L., & Markos, S. (2024). Servant leadership in the healthcare literature: A systematic review. *Journal of healthcare leadership*, 1-14.

Donkor, F. (2021). Linking leadership styles to employee performance in the public sector organizations in Ghana: The role of organizational commitment. *International Journal of Business and Management*, *16*(5), 43-54.

Donkor, F., Dongmei, Z., & Sekyere, I. (2021). The mediating effects of organizational commitment on leadership styles and employee performance in SOEs in Ghana: A structural equation modeling analysis. *Sage Open*, *11*(2), 21582440211008894.

Dorta-Afonso, D., Cuéllar-Molina, D., Rodríguez-Robaina, C., & De Saá-Pérez, P. (2025). Servant leadership and HPWS for work-life balance and job satisfaction in the hotel industry: perspectives from conservation of resources theory. *Journal of Hospitality and Tourism Insights*, *8*(5), 2011-2030.

Eaton, L., Bridgman, T., & Cummings, S. (2024). Advancing the democratization of work: A new intellectual history of transformational leadership theory. *Leadership*, *20*(3), 125-143.

Emhemad, G. H. A., Solie, G., Olais, A. A., & Loang, O. K. (2023). A comparative analysis of leadership styles: implications for organizational performance and employee satisfaction. *Int J Acc*, *8*(50), 456-69.

Fabac, R., Kokot, K., & Bubalo, I. (2022). Path-goal theory–leadership styles and their changes during COVID-19 pandemic. *Interdisciplinary Description of Complex Systems: INDECS*, *20*(4), 349-374.

Freeman, R. D. (2022). An Exploration of the Servant Leadership Literature in Connection with the US Fire Department Leadership Practices and Behaviors. *International Journal of Public and Private Perspectives on Healthcare, Culture, and the Environment (IJPPPHCE)*, *6*(1), 1-22.

Frick, D. (2004). *Robert K. Greenleaf: A life of servant leadership*. Berrett-Koehler Publishers.

Ghobadian, A., O'Regan, N., Thomas, H., Gallear, D., Witcher, B. J., & Sum Chau, V. (2007). Balanced scorecard and hoshin kanri: dynamic capabilities for managing strategic fit. *Management decision*, *45*(3), 518-538.

Goens, B., & Giannotti, N. (2024). Transformational leadership and nursing retention: An integrative review. *Nursing research and practice*, *2024*(1), 3179141.

Graves, K. L. (2021). *Evaluating the Effectiveness of the Balanced Scorecard Within a Nonprofit Organization* (Doctoral dissertation, Walden University).

Greenleaf, R. K. (1970). What is servant leadership. *New York, NY and Mahwah*.

Hafeez, M., & Bidari, S. (2022). How does transformational leadership style effect on the organizational performance? The case of educational institutions. *South Asian Review of Business and Administrative Studies (SABAS)*, *4*(2), 113-128.

Hutama, A. A., Noermijati, N., & Irawanto, D. W. (2024). The effect of transactional leadership on employee performance mediated by job satisfaction, job stress and trust. *International Journal of Research in Business and Social Science*, *13*(3), 151-166.

Irfan, M. (2022). The Influence of Work Discipline, Work Motivation and Leadership Style on Employee Performance. *International Journal of Service Science, Management, Engineering, and Technology*, *2*(1), 31-36.

Jaaffar, A. H., Alzoubi, R. H., Alkharabsheh, O. H. M., & Rajadurai, J. (2023). Leadership and crisis management and their link to improvement of hotel performance: A study of the Jordanian hotel sector. *Heliyon*, *9*(7).

Kafetzopoulos, D., & Gotzamani, K. (2022). The effect of talent management and leadership styles on firms' sustainable performance. *European Business Review*, *34*(6), 837-857.

Kafetzopoulos, D., & Gotzamani, K. (2022). The effect of talent management and leadership styles on firms' sustainable performance. *European Business Review*, *34*(6), 837-857.

Katili, P. B., Wibowo, W., & Akbar, M. (2021). The effects of leaderships styles, work-life balance, and employee engagement on employee performance. *Quantitative Economics and Management Studies*, *2*(3), 199-205.

Khassawneh, O., & Elrehail, H. (2022). The effect of participative leadership style on employees' performance: The contingent role of institutional theory. *Administrative Sciences*, *12*(4), 195.

Khoshnaw, D., & Karadas, G. (2024). Transactional leadership and intellectual capital, the mediating role of knowledge sharing: The study of customs employees in Sulaymaniyah governorate. *Heliyon*, *10*(19).

Kim, K. Y., & Liden, R. C. (2025). CEO servant leadership and organizational profitability: A social exchange perspective. *Journal of Organizational Behavior*.

Kubai, P. K. (2023). *Full Range Leadership Styles on Organizational Performance of Private Universities in Kenya* (Doctoral dissertation, JKUAT-COHRED).

Kyambade, M., Mugambwa, J., Nkurunziza, G., Namuddu, R., & Namatovu, A. (2024). Servant leadership style and socially responsible leadership in university context: moderation of promoting sense of community. *International Journal of Educational Management*, *38*(3), 660-678.

Kyambade, M., Nkurunziza, G., Sewante, L., Namatovu, A., & Tushabe, M. (2024). Servant leadership and healthy work relationships in university context: a moderated mediation analysis of psychological safety and socially responsible leadership. *Cogent Education*, *11*(1), 2418802.

Liu, G., Tsui, E., & Kianto, A. (2022). Revealing deeper relationships between knowledge management leadership and organisational performance: a meta-analytic study. *Knowledge Management Research & Practice*, *20*(2), 251-265.

Martinsons, M., Davison, R., & Tse, D. (1999). The balanced scorecard: a foundation for the strategic management of information systems. *Decision support systems*, *25*(1), 71-88.

Masenya, J., & Ngoepe, M. (2025). Quitting leadership style? The influence of transformational and transactional leadership styles on librarians' retention in municipal libraries. *Library Management*, *46*(1/2), 78-93.

Mathieu, C., Neumann, C., Babiak, P., & Hare, R. D. (2015). Corporate psychopathy and the full-range leadership model. *Assessment*, *22*(3), 267-278.

Meirinhos, G., Cardoso, A., Neves, M., Silva, R., & Rêgo, R. (2023). Leadership styles, motivation, communication and reward systems in business performance. *Journal of Risk and Financial Management*, *16*(2), 70.

Milhem, M., Ayyash, M. M., Ateeq, A. A., & Alzoraiki, M. (2024). Examining the relationship between transactional leadership style and leader's emotional intelligence within the Palestinian ICT sector. In *Intelligent Systems, Business, and Innovation Research* (pp. 753-762). Cham: Springer Nature Switzerland.

Mouazen, A. M., Hernández-Lara, A. B., Abdallah, F., Ramadan, M., Chahine, J., Baydoun, H., & Bou Zakhem, N. (2024). Transformational and transactional leaders and their role in implementing the Kotter change management model ensuring sustainable change: An empirical study. *Sustainability*, *16*(1), 16.

Nani, D. A., & Safitri, V. A. D. (2021). Exploring the relationship between formal management control systems, organisational performance and innovation: The role of leadership characteristics. *Asian Journal of Business and Accounting*, *14*(1), 207-224.

Nguyen, N. P., Hang, N. T. T., Hiep, N., & Flynn, O. (2023). Does transformational leadership influence organisational culture and organisational performance: Empirical evidence from an emerging country. *IIMB Management Review*, *35*(4), 382-392.

Nguyen, N. T., Hooi, L. W., & Avvari, M. V. (2023). Leadership styles and organisational innovation in Vietnam: does employee creativity matter?. *International Journal of Productivity and Performance Management*, *72*(2), 331-360.

Pacia, D. R., & Guevarra, P. M. (2023). Influence of path-goal theory of leadership styles and the moderating role of task structure in leadership on teachers' satisfaction, motivation, and performance. *International Journal of Multidisciplinary: Applied Business and Education Research*, *4*(7), 2330-2345.

Priyowidodo, G. (2021). Leadership Based on Path-Goal Theory in Organization Communication: A Perspective of Listening to the Labors' Voices. *Journal of Hunan University Natural Sciences*, *48*(11).

Rachmawati, A. W., & Lantu, D. C. (2014). Servant leadership theory development & measurement. *Procedia-Social and Behavioral Sciences*, *115*, 387-393.

Ren, L., & Shen, H. (2024). The relationship between servant leadership and team innovation performance: Mediating effect of self-efficacy. *Heliyon*, *10*(6).

Rojak, J. A., Sanaji, S., Witjaksono, A. D., & Kistyanto, A. (2024). The influence of transformational leadership and organizational culture on employee performance. *EDUKASIA Jurnal Pendidikan dan Pembelajaran*, *5*(1), 977-990.

Ruata, G. S., & Tung, K. Y. (2024). The role of servant leadership in developing spiritual formation of teachers. *Scholaria: Jurnal Pendidikan Dan Kebudayaan*, *14*(01), 8-14.

Ryan, J. C., & Tipu, S. A. (2013). Leadership effects on innovation propensity: A two-factor full range leadership model. *Journal of business research*, *66*(10), 2116-2129.

Saleem, A., Wu, L., Aslam, S., & Zhang, T. (2021). Spotlight on leadership path-goal theory silos in practice to improve and sustain job-oriented development: evidence from education sector. *Sustainability*, 13(21), 12324.

Salter, C. R., Harris, M. H., & McCormack, J. (2014). Bass & Avolio's full range leadership model and moral development. *E-Leader Milan*, *2008*, 28.

Sarwar, U., Zamir, S., Fazal, K., Hong, Y., & Yong, Q. Z. (2022). Impact of leadership styles on innovative performance of female leaders in Pakistani Universities. *Plos one*, *17*(5), e0266956.

Sen, S., Adhikari, A., Ansary, K., Roy, S., & Pal, I. (2023). Clustering technique for analyzing leadership style of the head of the institutions. *International journal of advanced research in science, communication and technology (IJARSCT)*, *3*(3), 220-228.

Sen, S., Gayen, P., Pal, I., Sutradhar, A., Ansary, K., Mahato, R. C., & Adhikari, A. (2023). Comparison among different leadership styles of head of the institution of West Bengal by Mahalanobis distance. *International Research Journal of Modernization in Engineering Technology and Science*, *5*(4), 5005-5010.

Sinnaiah, T., Adam, S., & Mahadi, B. (2023). A strategic management process: the role of decision-making style and organisational performance. *Journal of Work-Applied Management*, *15*(1), 37-50.

Sivarat, N., Thamma, P., & Kenaphoom, S. (2021). Full Range Leadership Concepts. *Ilkogretim Online*, *20*(3).

Sliwka, A., Klopsch, B., Beigel, J., & Tung, L. (2024). Transformational leadership for deeper learning: shaping innovative school practices for enhanced learning. *Journal of Educational Administration*, *62*(1), 103-121.

Sosik, J. J. (2006). Full range leadership: Model, research, extensions, and training. In *Inspiring leaders* (pp. 33-66). Routledge.

Spears, L. (1996). Reflections on Robert K. Greenleaf and servant-leadership. *Leadership & organization development journal*, *17*(7), 33-35.

Spears, L. C. (2025). Servant leadership and Robert K. Greenleaf's legacy. In *Servant leadership: Developments in theory and research* (pp. 15-35). Cham: Springer Nature Switzerland.

Steele, N. L., & Branson, L. (2013). A balanced informational diet: can the balanced scorecard act to mitigate hidden profiles effects?. *International Journal of Business & Public Administration*, *10*(1).

Toor, S. U. R., & Ofori, G. (2009). Ethical leadership: Examining the relationships with full range leadership model, employee outcomes, and organizational culture. *Journal of business ethics*, *90*(4), 533-547.

Urrila, L., & Eva, N. (2024). Developing oneself to serve others? Servant leadership practices of mindfulness-trained leaders. *Journal of Business Research*, *183*, 114858.

Van Dierendonck, D., & Patterson, K. (2025). Servant leadership: An introduction. In *Servant leadership: Developments in theory and research* (pp. 3-14). Cham: Springer Nature Switzerland.

Wachtel, T. L., Hartford, C. E., & Hughes, J. A. (1999). Building a balanced scorecard for a burn center. *Burns*, *25*(5), 431-437.

Wuryaningrat, N. F., Hidayat, N., & Kumajas, M. L. (2024). The Impact of transformational and transactional leadership on employee performance. *Klabat Journal of Management*, *5*(2), 103-113.

Yas, H., Alkaabi, A., ALBaloushi, N. A., Al Adeedi, A., & Streimikiene, D. (2023). The impact of strategic leadership practices and knowledge sharing on employee's performance. *Polish Journal of Management Studies*, *27*.

Yas, H., Alkaabi, A., ALBaloushi, N. A., Al Adeedi, A., & Streimikiene, D. (2023). The impact of strategic leadership practices and knowledge sharing on employee's performance. *Polish Journal of Management Studies*, *27*.

APPENDICES

Appendix i: Questionnaire

Dear Sir/Madam,

My name is **Sophia Bangirana**, pursuing a Master of Business Administration (MBA) degree at Uganda Christian University. I am conducting a study on the relationship between leadership styles and organisational performance of Microfinance institutions in Kampala District. A case of Deed Microfinance Limited. This is being done in partial fulfilment of the requirements for the award of the Master of Business Administration (MBA) degree of Uganda Christian University.

Any information provided in this questionnaire will be kept confidential and will strictly be used for academic purposes. Your participation in this study is voluntary.

SECTION A: Demographic Characteristics of the Respondents

1. Age

[ ] Below 25 yrs
[ ] 26-35 yrs
[ ] 36-50 yrs
[ ] Above 51 yrs

2. Sex of the respondent

[ ] Male
[ ] Female

3. Level of education

[ ] Certificate
[ ] Diploma
[ ] Degree
[ ] Postgraduate

4. Please indicate the period you have worked for this Organisation.

[ ] 0-5 years
[ ] 6-10 years
[ ] 11-15 years
[ ] More than 16 years

Section B: Transformational Leadership

The following section has items on transformational leadership and should be answered using one of the options given: SD = Strongly Disagree (1), D = Disagree (2), NS = Not Sure (3), A = Agree (4), and SA = Strongly Agree (5). Please choose the answer that best represents your choice with a tick.

S/No.	Transformational Leadership	SD	D	NS	A	SA
		1	2	3	4	5
TL1	My leader inspires me with a clear vision for the organization.					
TL2	The vision is clearly communicated to employees.					
TL3	My leader encourages new ideas to improve services.					

TL4	I feel motivated to go beyond my performance goals.					
TL5	My leader provides personal support for my work.					
TL6	Leadership creates a workplace that supports creativity.					
TL7.	My leader acts as a role model for ethical behaviour.					
TL8.	My leader builds trust by acting with integrity.					
TL9.	My leader challenges me to think of new ways to solve problems.					
TL10.	My leader supports my professional growth.					
TL11.	My leader motivates me to take on challenging tasks.					
TL12.	My leader listens to my ideas and considers them in decisions.					

Section C: Servant Leadership

The following section has questions on servant leadership. Please choose the answer that best represents your choice with a tick.

S/No.	**Servant Leadership**	**SD**	**D**	**NS**	**A**	**SA**
		1	2	3	4	5
SL1	My leader prioritises my professional development needs.					
SL2	My leader shows empathy towards employees' challenges.					
SL3	My leader creates a sense of community in the workplace.					
SL4	Leadership encourages collaboration among staff.					
SL5	My leader actively listens to employee concerns.					
SL6	My leader promotes trust and mutual respect in the team.					
SL7.	My leader makes decisions that benefit the community.					
SL8.	My leader takes responsibility for the team's well-being.					
SL9.	My leader encourages me to develop my skills.					
SL10.	My leader supports ethical practices in the workplace.					
SL11.	My leader involves employees in decision-making.					
SL12.	My leader puts the needs of employees before personal goals.					

Section D: Transactional Leadership

This section has questions on transactional leadership at Deed Microfinance Limited. Please choose the answer that best represents your choice with a tick.

S/No.	**Transactional Leadership**	**SD**	**D**	**NS**	**A**	**SA**
		1	**2**	**3**	**4**	**5**
TRL1	My leader sets clear performance expectations for tasks.					
TRL2	I receive rewards for meeting performance targets.					

TRL3	My leader provides feedback to correct performance issues.					
TRL4	Leadership ensures adherence to organizational procedures.					
TRL5	My leader monitors my work to ensure compliance.					
TRL6	Rewards are fairly distributed based on performance.					
TRL7	My leader only intervenes when I fail to meet standards.					
TRL8	My leader clearly defines my job responsibilities.					
TRL9	My leader provides incentives for completing tasks on time.					
TRL10	My leader addresses mistakes promptly to maintain standards.					
TRL11	My leader sets specific goals for my work.					
TRL12	My leader checks my progress to ensure tasks are on track.					

Section E: Organizational Performance

The following section has questions on the level of organizational performance at Deed Microfinance Limited, Please choose the answer that best represents your choice with a tick.

S/No.	Organizational Performance	SD	D	NS	A	SA
		1	2	3	4	5
OP1	My work contributes to the financial sustainability of the organization.					
OP2	I deliver services that meet client expectations.					
OP3	I complete loan processing tasks with minimal errors.					
OP4	My work follows the organization's operational standards.					
OP5	I achieve my set targets for client satisfaction.					
OP6	I complete my tasks within the required timelines.					
OP7	My work contributes to efficient operational processes.					
OP8	My performance in the previous assessment period was strong.					
OP9	I achieved at least 70% of my targets in the previous financial year.					
OP10	I am likely to achieve at least 70% of my targets this financial year.					
OP11	My organization provides regular training to improve my skills.					
OP12	My organization supports new ideas to improve services.					

Thank you

Appendix ii: Questionnaire

Dear Sir/Madam,

My name is **Sophia Bangirana**, pursuing a Master of Business Administration (MBA) degree at Uganda Christian University. I am conducting a study on the relationship between leadership styles and organisational performance of Microfinance institutions in Kampala District. A case of ASA Microfinance (Uganda) Limited. This is being done in partial fulfilment of the requirements for the award of Master of Business Administration (MBA) degree of Uganda Christian University.

Any information provided in this questionnaire will be kept confidential and will strictly be used for academic purposes. Your participation in this study is voluntary.

SECTION A: Demographic Characteristics of the Respondents

1. Age

[ ] Below 25 yrs
[ ] 26-35 yrs
[ ] 36-50 yrs
[ ] Above 51 yrs

2. Sex of the respondent

[ ] Male
[ ] Female

3. Level of education

[ ] Certificate
[ ] Diploma
[ ] Degree
[ ] Postgraduate

4. Please indicate the period you have worked for this Organisation.

[ ] 0-5 years
[ ] 6-10 years
[ ] 11-15 years
[ ] More than 16 years

Section B: Transformational Leadership

The following section has items on transformational leadership and should be answered using one of the options given: SD = Strongly Disagree (1), D = Disagree (2), NS = Not Sure (3), A = Agree (4), and SA = Strongly Agree (5). Please choose the answer that best represents your choice with a tick.

S/No.	Transformational Leadership	SD	D	NS	A	SA
		1	2	3	4	5
TL1	My leader inspires me with a clear vision for the organization.					
TL2	The vision is clearly communicated to employees.					
TL3	My leader encourages new ideas to improve services.					
TL4	I feel motivated to go beyond my performance goals.					
TL5	My leader provides personal support for my work.					

TL6	Leadership creates a workplace that supports creativity.					
TL7.	My leader acts as a role model for ethical behaviour.					
TL8.	My leader builds trust by acting with integrity.					
TL9.	My leader challenges me to think of new ways to solve problems.					
TL10.	My leader supports my professional growth.					
TL11.	My leader motivates me to take on challenging tasks.					
TL12.	My leader listens to my ideas and considers them in decisions.					

Section C: Servant Leadership

The following section has questions on servant leadership. Please choose the answer that best represents your choice with a tick.

S/No.	**Servant Leadership**	**SD**	**D**	**NS**	**A**	**SA**
		1	2	3	4	5
SL1	My leader prioritises my professional development needs.					
SL2	My leader shows empathy towards employees' challenges.					
SL3	My leader creates a sense of community in the workplace.					
SL4	Leadership encourages collaboration among staff.					
SL5	My leader actively listens to employee concerns.					
SL6	My leader promotes trust and mutual respect in the team.					
SL7.	My leader makes decisions that benefit the community.					
SL8.	My leader takes responsibility for the team's well-being.					
SL9.	My leader encourages me to develop my skills.					
SL10.	My leader supports ethical practices in the workplace.					
SL11.	My leader involves employees in decision-making.					
SL12.	My leader puts the needs of employees before personal goals.					

Section D: Transactional Leadership
This section has questions on transactional leadership at ASA Microfinance (Uganda) Limited.
Please choose the answer that best represents your choice with a tick.

S/No.	**Transactional Leadership**	**SD**	**D**	**NS**	**A**	**SA**
		1	**2**	**3**	**4**	**5**
TRL1	My leader sets clear performance expectations for tasks.					
TRL2	I receive rewards for meeting performance targets.					

TRL3	My leader provides feedback to correct performance issues.					
TRL4	Leadership ensures adherence to organizational procedures.					
TRL5	My leader monitors my work to ensure compliance.					
TRL6	Rewards are fairly distributed based on performance.					
TRL7	My leader only intervenes when I fail to meet standards.					
TRL8	My leader clearly defines my job responsibilities.					
TRL9	My leader provides incentives for completing tasks on time.					
TRL10	My leader addresses mistakes promptly to maintain standards.					
TRL11	My leader sets specific goals for my work.					
TRL12	My leader checks my progress to ensure tasks are on track.					

Section E: Organizational Performance
The following section has questions on the level of organizational performance at ASA Microfinance (Uganda) Limited, Please choose the answer that best represents your choice with a tick.

S/No.	Organizational Performance	SD 1	D 2	NS 3	A 4	SA 5
OP1	My work contributes to the financial sustainability of the organization.					
OP2	I deliver services that meet client expectations.					
OP3	I complete loan processing tasks with minimal errors.					
OP4	My work follows the organization's operational standards.					
OP5	I achieve my set targets for client satisfaction.					
OP6	I complete my tasks within the required timelines.					
OP7	My work contributes to efficient operational processes.					
OP8	My performance in the previous assessment period was strong.					
OP9	I achieved at least 70% of my targets in the previous financial year.					
OP10	I am likely to achieve at least 70% of my targets this financial year.					
OP11	My organization provides regular training to improve my skills.					
OP12	My organization supports new ideas to improve services.					

Thank you

Appendix iii: Questionnaire

Dear Sir/Madam,

My name is **Sophia Bangirana**, pursuing a Master of Business Administration (MBA) degree at Uganda Christian University. I am conducting a study on the relationship between leadership styles and organisational performance of Microfinance institutions in Kampala District. A case of Octa Finance Limited. This is being done in partial fulfilment of the requirements for the award of Master of Business Administration (MBA) degree of Uganda Christian University.

Any information provided in this questionnaire will be kept confidential and will strictly be used for academic purposes. Your participation in this study is voluntary.

SECTION A: Demographic Characteristics of the Respondents

1. Age

[ ] Below 25 yrs
[ ] 26-35 yrs
[ ] 36-50 yrs
[ ] Above 51 yrs

2. Sex of the respondent

[ ] Male
[ ] Female

3. Level of education

[ ] Certificate
[ ] Diploma
[ ] Degree
[ ] Postgraduate

4. Please indicate the period you have worked for this Organisation.

[ ] 0-5 years
[ ] 6-10 years
[ ] 11-15 years
[ ] More than 16 years

Section B: Transformational Leadership

The following section has items on transformational leadership and should be answered using one of the options given: SD = Strongly Disagree (1), D = Disagree (2), NS = Not Sure (3), A = Agree (4), and SA = Strongly Agree (5). Please choose the answer that best represents your choice with a tick.

S/No.	**Transformational Leadership**	**SD**	**D**	**NS**	**A**	**SA**
		1	2	3	4	5
TL1	My leader inspires me with a clear vision for the organization.					
TL2	The vision is clearly communicated to employees.					
TL3	My leader encourages new ideas to improve services.					
TL4	I feel motivated to go beyond my performance goals.					
TL5	My leader provides personal support for my work.					

TL6	Leadership creates a workplace that supports creativity.					
TL7.	My leader acts as a role model for ethical behaviour.					
TL8.	My leader builds trust by acting with integrity.					
TL9.	My leader challenges me to think of new ways to solve problems.					
TL10.	My leader supports my professional growth.					
TL11.	My leader motivates me to take on challenging tasks.					
TL12.	My leader listens to my ideas and considers them in decisions.					

Section C: Servant Leadership

The following section has questions on servant leadership. Please choose the answer that best represents your choice with a tick.

S/No.	**Servant Leadership**	**SD**	**D**	**NS**	**A**	**SA**
		1	2	3	4	5
SL1	My leader prioritises my professional development needs.					
SL2	My leader shows empathy towards employees' challenges.					
SL3	My leader creates a sense of community in the workplace.					
SL4	Leadership encourages collaboration among staff.					
SL5	My leader actively listens to employee concerns.					
SL6	My leader promotes trust and mutual respect in the team.					
SL7.	My leader makes decisions that benefit the community.					
SL8.	My leader takes responsibility for the team's well-being.					
SL9.	My leader encourages me to develop my skills.					
SL10.	My leader supports ethical practices in the workplace.					
SL11.	My leader involves employees in decision-making.					
SL12.	My leader puts the needs of employees before personal goals.					

Section D: Transactional Leadership

This section has questions on transactional leadership at Octa Finance Limited. Please choose the answer that best represents your choice with a tick.

S/No.	**Transactional Leadership**	**SD**	**D**	**NS**	**A**	**SA**
		1	**2**	**3**	**4**	**5**
TRL1	My leader sets clear performance expectations for tasks.					
TRL2	I receive rewards for meeting performance targets.					

TRL3	My leader provides feedback to correct performance issues.					
TRL4	Leadership ensures adherence to organizational procedures.					
TRL5	My leader monitors my work to ensure compliance.					
TRL6	Rewards are fairly distributed based on performance.					
TRL7	My leader only intervenes when I fail to meet standards.					
TRL8	My leader clearly defines my job responsibilities.					
TRL9	My leader provides incentives for completing tasks on time.					
TRL10	My leader addresses mistakes promptly to maintain standards.					
TRL11	My leader sets specific goals for my work.					
TRL12	My leader checks my progress to ensure tasks are on track.					

Section E: Organizational Performance
The following section has questions on the level of organizational performance at Octa Finance Limited, Please choose the answer that best represents your choice with a tick.

S/No.	Organizational Performance	SD	D	NS	A	SA
		1	2	3	4	5
OP1	My work contributes to the financial sustainability of the organization.					
OP2	I deliver services that meet client expectations.					
OP3	I complete loan processing tasks with minimal errors.					
OP4	My work follows the organization's operational standards.					
OP5	I achieve my set targets for client satisfaction.					
OP6	I complete my tasks within the required timelines.					
OP7	My work contributes to efficient operational processes.					
OP8	My performance in the previous assessment period was strong.					
OP9	I achieved at least 70% of my targets in the previous financial year.					
OP10	I am likely to achieve at least 70% of my targets this financial year.					
OP11	My organization provides regular training to improve my skills.					
OP12	My organization supports new ideas to improve services.					

Thank you

Appendix iv: Table for determining sample size from a given population

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Source: Krejcie& Morgan (1970, as cited by Amin, 2005)
Note. N is population size.
S is sample size.

Appendix v: Introductory Letter

UGANDA CHRISTIAN UNIVERSITY
A Centre of Excellence in the Heart of Africa

School of Business

1st October 2025

To Whom It May Concern;

RE: MASTERS IN BUSINESS ADMINISTRATION (MBA)

Ms. Sophia Bangirana , REG.S23M15/033 is a student at Uganda Christian University, pursuing a degree of Master's in Business Administration.

In partial fulfillment of the requirements for the award of the Master's degree, she is conducting a research study titled: Leadership Styles and Organisational Performance of Micro finance Institutions in Kampala District; **A case of DEED Microfinance ltd, ASA Microfinance (Uganda) and OCTA Finance Limited.**

This communication therefore serves to formally request you to allow her access any information in your custody/organisation, which is relevant to her research.

Thank you for your cooperation on this matter

Yours Sincerely,

Dr. Henry Mugisha
Head of Department, Postgraduate Studies

UGANDA CHRISTIAN UNIVERSITY
P. O. BOX 4, MUKONO
FACULTY OF
BUSINESS AND ADMINISTRATION

A Complete Education for A Complete Person

Plot 67-173, Bishop Tucker Road, Mukono Hill, P.O. Box 4, Mukono, Uganda.
Tel: +256 312 350 658/+256 312 350 411 Fax: +256 4142 90 800 Email: arsob@ucu.ac.ug Web: www.ucu.ac.ug
Founded by the Province of the Church of Uganda. Chartered by the Government of the Republic of Uganda

Appendix vi: REC Letter

UGANDA CHRISTIAN UNIVERSITY

A Centre of Excellence in the Heart of Africa

05/02/2026
To: Sophia Bangirana
UgandaChristianUniversity

Review Type: Initial Review

Re:UCUREC-2025-1888: LEADERSHIP STYLES AND ORGANISATIONAL PERFORMANCE OF MICROFINANCE INSTITUTIONS IN KAMPALA DISTRICT: A CASE OF DEED MICROFINANCE LIMITED, ASA MICROFINANCE(UGANDA) LIMITED AND OCTA FINANCE LIMITED

I am pleased to inform you that the Uganda Christian University REC, through expedited review held on **08/01/2026** approved the above referenced study.
Approval of the research is for the period of **05/02/2026** to **05/02/2027.**

As Principal Investigator of the research, you are responsible for fulfilling the following requirements of approval:

1. All co-investigators must be kept informed of the status of the research.
2. Changes, amendments, and addenda to the protocol or the consent form must be submitted to the REC for re-review and approval **prior** to the activation of the changes.
3. Reports of unanticipated problems involving risks to participants or any new information which could change the risk benefit: ratio must be submitted to the REC.
4. Only approved consent forms are to be used in the enrollment of participants. All consent forms signed by participants and/or witnesses should be retained on file. The REC may conduct audits of all study records, and consent documentation may be part of such audits.
5. Continuing review application must be submitted to the REC **eight weeks** prior to the expiration date of **05/02/2027** in order to continue the study beyond the approved period. Failure to submit a continuing review application in a timely fashion may result in suspension or termination of the study.
6. The REC application number assigned to the research should be cited in any correspondence with the REC of record.
7. You are required to register the research protocol with the Uganda National Council for Science and Technology (UNCST) for final clearance to undertake the study in Uganda.

The following is the list of all documents approved in this application by Uganda Christian University REC:

No.	Document Title	Language	Version Number	Version Date
1	Main Consent forms	English	Informed Consent Form	2025-09-01
2	Data collection tools	English	Research Instruments	2025-09-01

3	Protocol	English	Research Proposal	2025-09-01

Yours sincerely,

Prof. Peter Waiswa
For: Uganda Christian University REC