ADAPTIVE LEADERSHIP AND PERFORMANCE OF DEPOSIT TAKING MICROFINANCE INSTITUTIONS IN NAIROBI COUNTY, KENYA

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A THESIS SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF ARTS IN LEADERSHIP

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DECLARATION

I declare that this is my original work, and to the best of my understanding, it has not been presented to any institution as well as Pan Africa Christian University for the award of a degree.

Signed Date

Joseph Opanda Namutala (MALD/15455/0/19)

Supervisor

The thesis herein has been submitted to the university with my consent as the supervisor.

Signed; Date;

Dr. Eunice Wandiga, PhD

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DEDICATION

I am glad to dedicate this thesis to God Almighty for the gift of knowledge to study in an area that will bring transformation to the community. I also dedicate the thesis to my wife and our two boys who have been supportive throughout my studies. They always allowed me time away from family to work on this study.

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I acknowledge the guidance of Dr. Eunice Wandiga for her guidance in the process of doing this study. Her consistency and steadfastness in ensuring that the study produced a useful outcome for me and the greater financial sector as well is cherished. Her guidance ensured that I widened the scope of this study and went into unchartered waters. I also wish to acknowledge God for his strength and supreme guidance in undertaking this specific area of study. I further acknowledge my family who encouraged me to undertake the studies and had to endure my absence from home to enable me to focus on this study.

ABSTRACT

The study investigated the effect of adaptive leadership on performance of Deposit Taking Microfinance Institutions (DTMFIs) in Nairobi County. In particular, the study set out to; determine the effect of situational challenges, adaptive leadership behavior, adaptive work, and emotional intelligence on the performance of Deposit Taking Microfinance Institutions in Nairobi County. The main theory that anchored the study was Adaptive leadership theory which was supported by organizational learning theory, balanced score card (BSC) model, and emotional intelligence theory. The study adopted the postpositivist philosophy. The research design was descriptive and explanatory with a target population of 298 senior, middle-level, and lower-level managers drawn from 12 Deposit Taking Microfinance Institutions in Nairobi County. Primary data was collected using a semi-structured questionnaire from 102 out of 169 respondents selected from the target population. Descriptive analysis was done using mean, frequency and standard deviation while inferential analysis was done using correlation and regression analysis. The findings indicated that adaptive leadership had a positive and significant effect on the performance of DTMFIs. Further, it was established that situational challenges, adaptive leadership behavior, adaptive work, and emotional intelligence had positive and significant effect on the performance of DTMFIs in Nairobi County. The study concluded that adaptive leadership had a positive and statistically significant effect on the performance of DTMFIs in Nairobi County. The study therefore recommends that senior, middle-level, and lower-level managers should focus on various elements of adaptive leadership for improved performance of DTMFIs in Nairobi County. Further investigation can be done on adaptive work and emotional intelligence in different contexts to find out the consistency of its effect on performance.

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ABBREVIATIONS AND ACRONYMS

MFIs	Microfinance Institutions.
DTMFIs	Deposit Taking Microfinance Institutions.
FSD	Financial Sector Deepening.
AMFI	Association of Micro Finance Institutions in Kenya
KBA	Kenya Bankers Association
CBK	Central Bank of Kenya
MFIs	Microfinance Institutions
SD	Standard Deviation

OPERATIONAL DEFINITION OF TERMS

Adaptive Leadership:	This is an approach to leadership that allows leaders to rally their followers to deal with challenging scenarios and flourish. It is adopted from evolutionary biology when an organism has to either adapt to a difficult environment or face extinction (Heifetz et al., 2009a). In this study, adaptive leadership is measured by situational challenges, which are either technical or adaptive, adaptive leadership behavior, adaptive work, and emotional intelligence.
Performance:	The organization's ability to successfully implement strategies to achieve institutional objectives (Almatrooshi et al., 2016). In this study, performance means the ability of the leaders within Deposit Taking Microfinance Institutions to ensure an increased number of customers and deposits, effective use of technology, and staff satisfaction and retention.
Deposit Taking Microfinance Institutions:	These are financial institutions which offer services to informal sector and the poor. They are regulated by the Central Bank of Kenya

(CBK et al., 2019). They are allowed by law to receive deposits from the customers. The study used the 12 DTMFIs registered by the Central Bank of Kenya as Units of analysis.

Situational challenges: These are environmental aspects that affect the performance of an institution (Nelson & Squires, 2017). The challenges are technical, easily diagnosed, and need a technical response. There are also adaptive challenges that are contained within the value system and the organization's culture and are not easily identifiable.

Adaptive leader behavior: These are the actions that are portrayed by the leader in an organization that is facing adaptive challenges (International Conference on Management et al., 2016). In this study, adaptive leadership behavior is a set of actions undertaken by the leader to realize the objectives of the organization in a challenging environment.

Adaptive work: Adaptive work is the process of acclimatizing to the environment and being able to thrive despite the challenges (Heifetz, 1994). In this study, adaptive work means those things that

	the leader needs to discard, what needs to be kept, and a new way of doing things.
Emotional intelligence;	The leaders’ capacity to comprehend and use their emotions constructively (Goleman, 2011). In this study, emotional intelligence means the leader’s ability to relate and empathize with those that they are leading in meeting the objectives of the institution.

CHAPTER 1: Introduction and Background of The Study

Introduction

The performance of Deposit Taking Microfinance Institutions is determined by several aspects: the type of leadership that they espouse, the operating environment, and the general fiscal situation within the country (Njue et al., 2016; Nkurunziza et al., 2019). DTMFIs are thought to be some of the key interventions when it comes to financial inclusion and eradication of poverty. However, other non-financial factors such as policy implementation, culture, and telecommunications come into play (Tuesta et al., 2015). Deposit Taking Microfinance Institutions (DTMFIs) target the delivery of services to the disadvantaged. Due to this, they have emerged a lot more in the developing world such as Eastern Europe, South America, Asia, and Africa as a means of financial inclusion for the poor (Shkodra, 2019). Ozili (2021) argues that there is growing evidence that financial inclusion, especially for low-income earners and poor adults is a catalyst of economic empowerment and financial inclusion. Whereas this is evident in the growing economies, there is a need to reflect further on how financial inclusion can lead to growth (Saab, 2017).

Background to the Study

The performance of the DTMFIs is domiciled within the Microfinance ecosystem. This ecosystem comprises many actors with some providing support to core functions of microfinance while others providing non-core functions. These players include resource providers, competitors, clients/beneficiaries, complementary organizations, and opponents among others (Purkayastha et al., 2020). Some of the competitors are established commercial banks that choose to provide microfinance services. Commercial banks have a higher financial capability than some of the DTMFIs. The opponents come in different shapes, some of which are political players who may not want DTMFIs to outshine them in the economic empowerment of their constituents. This puts the DTMFIs in a never-ending tension between the various players in the sector.

At the global level, DTMFIs continue to play an important part in financial inclusion and poverty eradication in developing countries. This is made significant by the fact that about 50% of the working world population is in the informal sector (Barry & Tacneng, 2014). Microfinance institutions, therefore, become the solution for a majority of those working in this sector. The DTMFIs operate in ecosystems that span urban, semi-urban, and rural areas. The diverse ecosystem requires an understanding of how best to position the DTMFIs to meet their objectives. DTMFIs whose leadership has understood the operating environment and applied them in the ecosystem have recorded improved performance in achieving the objectives of social impact and financial sustainability. This has been recorded in India, Kosovo, and Bangladesh (Purkayastha et al., 2020). In Sri Lanka, governance and leadership are critical in improving the performance of DTMFIs. Actions such as the adoption of gender-diverse leadership have shown improved performance (Van Damme et al., 2016)

Africa is faced with several challenges which include low literacy levels, low financial inclusion, and lack of access to finances for the poor (2021). The more established institutions like commercial banks have a stringent regime of vetting for the provision of credit, leaving out the poor who may not have the form of security that the banks require (Barry & Tacneng, 2014; Nkurunziza et al., 2019). On the other hand, DTMFIs are more open to availing financial resources to their clients. A number of the DTMFIs nurture long-term relationships with their clients to develop a saving culture, offer financial education, and accept multiple forms of security for credit (Wokabi & Fatoki, 2019). This, therefore, leaves DTMFIs as critical sources of financial empowerment for the poor and the informal sector. In Sub-Saharan Africa, DTMFIs that have good institutional leadership and governance have been found to perform better than their contemporaries (Chikalipah, 2017). In Uganda, some of these institutions have had to undergo re-engineering for them to be effective in meeting their objectives(Nkurunziza et al., 2019). Whereas various DTMFIs have registered varied growth, this has been affected by various factors. For instance in Ethiopia, the performance of MFIs is affected by the breadth as well as the depth of their outreach (Kinde, 2012). However, the emergence of young entrepreneurs in need of capital and the need to eradicate-poverty has become a key driver of the growth of DTMFIs in Africa (Chikalipah, 2017).

In Kenya, microfinance institutions (MFIs) remain a critical component of the finance sector in providing financial inclusion for those in the informal sector and the poor. There has been a significant performance of some of the institutions, and some of them have grown from MFIs to top-tier banks, while others have been liquidated. For instance, Equity Bank which began as Equity Building Society in 1984 was registered as a Commercial Bank in 2004 (Lafourcade et al., 2005; Njue et al., 2016). Its history is a remarkable one to tell. However, challenges abound in terms of their performance at both social and financial levels. These challenges include: balancing between social impact and financial sustainability; competition for borrowers from banks; competition for borrowers from other microloan services and a dynamic operational environment (Kigen, 2011; Ngumo et al., 2017).

Unlike banks, most DTMFIs have a social impact as a core of their objective besides financial sustainability. This implies that DTMFIs have a more delicate terrain to navigate since they have to bring in as many underprivileged people as possible to access finances rather than just a few clients to whom they can lend their money. The success of DTMFIs is therefore not limited to Return on Investments but additionally, the social impact that the

DTMFIs have (Roy, 2017). The second challenge is from commercial banks who have a bigger financial ability to lend out money. Even though many upcoming enterprises rely on DTMFIs for their source of funds, some of them enticed by lower interest rates move onto commercial banks once they get to the growth path (AMFI, 2018; CBK et al., 2019). Other challenges are competition from mobile-based micro-lenders who issue credit facilities at the touch of a button. Finally, the dynamic environment in which the DTMFIs operate is a challenge in itself due to the various social, political, legal, and other changes (Hartarska, 2009). Political instability for instance significantly affects the economy, hence affecting the DTMFIs.

Perspectives on performance

Perspectives on the performance of DTMFIs ought to encompass the financial performance as well as social impact and other components such as the cultural context. The cultural context has the leadership interplay hence affecting the way leadership is practiced in the respective DTMFIs. Nkurunziza et al. (2019) suggest that such improved achievement of results can be realized when institutional leadership is concerned with the interests of the institution and its stakeholders. The leadership in these institutions has to be cognizant of these realities, that DTMFIs deal with more than one bottom line. There is, therefore, a need for DTMFIs to have a leadership approach that gives them foresight in developing strategies that will ensure that they remain key players in the financial sector. In this way, DTMFIs will be able to acclimatize to the dynamic environment and meet their mission of financial inclusion in a sustainable manner (Heifetz et al., 2009b).

It is apparent with all these factors, that institutions are undergoing significant changes, internally and externally. Some of these are anticipated and therefore planned, while others are abrupt, not planned for, and the most disruptive. With this reality, it is instrumental for the institutions and their hierarchy to be cognizant of these realities and develop responsive mechanisms (Ndungu & Moturi, 2020).

Adaptive leadership

Leadership is important in navigating organizations in the current dynamic operational environment (Bolman & Deal, 2021; Northouse, 2019). The leaders' main role is to rally and align resources and other stakeholders in achieving the objectives of the organization. Organizations go through different levels of growth; from birth to youth, adulthood, and maturity. At maturity, an organization may decline and become extinct, undergo acquisition, or adapt to the dynamic environment and thrive (Armendariz & Labie, 2011). Organizations can therefore use adaptive leadership to avoid decline or extinction.

Adaptive leadership is the practice of rallying other leaders and followers to respond to challenging and strenuous times and thrive (Heifetz et al., 2009a). The aspect of thriving in dynamic contexts is from evolutionary biology as discussed by Heifetz et al. (2009b) who argue that just like a species, for an organization to adapt, it has to portray three characteristics. First, the species has to preserve the core aspects that are essential for its survival. Secondly, it has to discard the gene that is not useful at the moment. Thirdly, it has to create and develop competencies that gives it a new lease of life like never before. The same applies to an organization where it has to evolve and adapt to the changing context.

Another perspective on adaptive leadership has been developed by DeRue (2011) who argues that adaptive leadership is a process of leader-follower interactions based on five core propositions. These are: leading-following double interactions that develop a pattern over time, the double leading-following interactions develop an identity of a leader and a follower, the emergent leading-following pattern occurs in an endogenous environment, the leading-following process is fluid leading to interchanged leader-follower roles, and finally, the variability in leader-follower relations (Vullinghs, 2021).

Adaptive leadership is vital in an institution because it gives the institution the capacity to be agile and to thrive amidst complex challenges (Highsmith, 2013). With the dynamic environment, it can be argued that no organization can retain the status quo and thrive due to the internal and external realities. Adaptive leadership, therefore, becomes one of the ways through which DTMFIs can deal with the challenges if well applied (McHale, 2020).

Adaptive leadership is based on various principles which include; situational challenges, adaptive leadership behavior, adaptive work, and emotional intelligence (Doyle, 2017; Northouse, 2019). Organizations operate in dynamic environments and are bound to experience challenges. These challenges vary from technical challenges, which need technical solutions, and the more complex adaptive challenges. Williams (2005), argues that adaptive challenges are subtler and may not be easily identifiable. Adaptive challenges are entwined in people's values, habits, and practices, and adaptive leadership sets out to identify such (Schein, 2004). Adaptive leadership thrives when the leader can identify the adaptive challenges through a diagnosis process (Heifetz et al., 2009a).

In these complex organizational systems, leader actions are critical in how the organization adapts, both internally and externally. A successful adaptive leader needs to portray critical actions that will ensure the sustainability of the organization. They include acquiring a dynamic way of leadership, recognizing adaptive challenges, listening to the employees, remaining focussed and allowing the workers to express their gifting to do the work (Doyle, 2017; Northouse, 2019; Schroeder, 2017). As leaders take various actions in the process of adaptive work, there is a need for them to be aware of the distinctive traits of an adaptive leader. This understanding endears them to their followers as well as other stakeholders within the organization. These traits are emotional intelligence, which is a leader's awareness of personal feelings and empathy towards others; organizational justice which relates to truthfulness and openness to the followers; character where the leader is open and vulnerable to the followers; and development where the leaders develop the organization by growing those around them through innovation and trying out new ideas (Salicru, 2017).

Another principle of adaptive leadership is emotional intelligence. Adaptive leadership concerns itself with mobilizing leaders for action in tough times. This means that the leader needs to have critical interpersonal and social skills that will ensure that the employees are mobilized for the task. Emotional intelligence helps the leader to process information and properly evaluate emotions and adaptive regulation of emotions during the process of adaptive work (Pradhan et al., 2017)

Finally, adaptive leadership leads to adaptive work. According to Doyle (2017), adaptive work involves questioning the basic assumptions on which the organization operates, challenging the current status, and creating changes that may be difficult but necessary. Adaptive work happens in the process of leader-follower interactions in a challenging and dynamic environment. Adaptive work has three critical elements; "figuring out what to conserve from the past, figuring out what to discard from the past practices, and inventing new ways that build from the best of the past" (Heifetz et al., 2009b). Leading adaptively is therefore thought to work when there is observable adaptive work.

This study will consider four principles of adaptive leadership which are situational challenges, adaptive leadership behavior, adaptive work, and emotional intelligence. The four principles will be used because they cover the various aspects of the DTMFIs.

Situational challenges highlight the status of the organization, adaptive leadership behavior is what the leader needs to do in response to the challenges, adaptive work is the process of application of adaptive leadership while emotional intelligence is a key trait that the leader needs in the process of interacting with their followers.

Performance

Performance is understood as an organization’s ability to excellently execute strategies to realize the desired outcome and impact of an institution (Almatrooshi et al., 2016). The achievement of an institution's objectives depends on the skills that the leaders possess among other factors. According to Contu (2020), performance encompasses all those aspects that relate to operational effectiveness, organizational effectiveness, and financial performance. In addition to meeting the objectives and financial performance, performance can also include customer satisfaction and services beyond their immediate confines by being socially responsible (Singh et al., 2016).

Measurement of performance is as varied as its definition. Singh et al. (2016) developed a model of objective and subjective measures. Objective measures relate to quantifiable aspects, for example, return on assets and equity. However, these measures easily apply to institutions that are public and listed because they are required by law to make public their financial performance. Application to private institutions that may not be accountable to the public may bring in variance. On the other hand, subjective measures are composite and may include aspects such as the quality of service offered, productivity level, return on investment and the rate at which innovation is achieved. Contu (2020) adds to this discussion by arguing that a firm’s performance can be measured by its operational and organizational effectiveness. This is another subjective measurement since operational and organizational effectiveness may vary from one organization to another, and one department to another within an organization.

In Kenya, some DTMFIs began as Non-Governmental Organizations (NGOs) and have now transformed into full-fledged DTMFIs. For instance, Faulu Kenya was initially an initiative of Food for the Hungry. This points to the possibility that the enterprise had to evolve in light of contextual and situational challenges, after realizing that it could still serve its mandate as a microfinance, and now as a DTMFI. However, the more recent DTMFIs were formed by individuals whose objective was to see an economic change in society through financial access for the poor (AMFI, 2018). In any culture, as Goleman (2017) posits, performance is about getting outstanding results. However, the focus on which results may vary from one institution to another. Employees are a critical part of delivering results in any organization since they link the organization's vision, customers, and other resources. Armstrong and Taylor (2014) conceptualize that performance is enhanced depending on how the staff in an organization act either individually or collectively in meeting the objectives of the organization. This could perhaps explain why similar organizations in the same industry could end up with different results altogether (McShane & Von Glinow, 2018).

DTMFIs have more than one bottom line since they focus on social impact and financial sustainability. A growth in the customers covered by any DTMFI would therefore signal a good performance since this would be an indicator that more people are being reached. Whereas this increase is paramount, some DTMFIs have been thought to behave like micro commercial banks, therefore leading to an upsurge of customers, but sometimes experiencing a mission drift (Babajide et al., 2017). Another key aspect of DTMFIs is the deposits received from the various customers. The more customers come on board, the more activity the DTMFIs anticipate to have. Ndegwa (2018) suggests that deposit mobilization from the customers is a critical aspect of performance in DTMFIs. Further, use of technology has become an even more important aspect of any DTMFI. This is especially due to the Corona virus pandemic that changed how business is done. Ghani (2018) argues that technology and innovation are critical aspects of DTMFIs, and have been observed to help DTMFIs in reducing their operational costs by increasing their efficiency. The uptake of technology is therefore important for DTMFIs. Finally, DTMFIs rely on a strong relationship with their clients. One of the ways in which this can be strengthened is by having a high rate of staff retention since these are the staff that are in contact with the clients regularly. Mwangi and Kombo (2023) suggest that even though staff retention is possible in DTMFIs, there is a need to have a clear plan for career development for staff as well as learning. These aspects when done correctly contribute to staff satisfaction, and therefore higher staff retention.

The study on adaptive leadership and performance in Deposit Taking Microfinance Institutions adopted financial and non-financial indicators of performance. These include number of customers and their corresponding deposits, effectiveness in the use of new technology, staff satisfaction, and retention.

Deposit Taking Microfinance Institutions

The Microfinance Sector

Deposit Taking Microfinance Institutions are an important aspect of financial inclusion in Kenya. According to the AMFI sectoral report for 2017, seven million Kenyans had signed up for various services offered by different types of MFIs. These individuals had accessed other services and loans amounting to Kshs 87.8 billion. Out of this, 46.3 billion had been issued by Deposit Taking Microfinance Institutions (DTMFIs) accounting for more than 53% of loans issued through the various MFIs. This is a relatively small amount compared to what Commercial Banks have dedicated towards Small and Medium Enterprises (SMEs), a key target for DTMFIs as well. Between June 2013 and June 2014 for instance, Commercial banks gave out Kshs 190 billion in terms of loans to SMEs (KBA, 2014).

The DTMFIs in Kenya serve a wide range of clientele. AMFI (2018) indicates that 72% of the clients are women whereas 28% are men. Further, data indicates that 30% of the clients are youth, while 70% are 36 years and above. The financial structure of DTMFIs remains dynamic as well. In 2017, out of the 96.7B liabilities, the DTMFIs reported that 84% came from debt, while 16% was from equity. This points towards the possibility that they are more reliant on debt to finance their operations.

The Microfinance industry had a total of 574 branches countrywide. Sixty-six percent of these branches were located in rural areas whereas 34% were in urban areas. According to AMFI (2021), there are 12 DTMFIs, all of which are headquartered in Nairobi.

Challenges facing DTMFIs in Nairobi County

DTMFIs in Nairobi County face several challenges. One of them is the inability to give credit to the most deserving in society. In a study conducted by Muthama (2019) on access to finances by the urban poor, it was reported that households that had saved more with the DTMFIs had a higher chance of accessing finances than those who had not. This points towards the inability to reach the poor of the poor, who may not be in a position to save in the first place yet need access to finances sometimes to meet their very basic needs.

The other challenge is the competition from the new entrants who are not regulated by the authorities, unlike DTMFIs. These new entrants have taken a significant portion of the market share. However, some fintech companies have used unethical means to recover the debt. This has worked in favor of DTMFIs (Kipsang, 2020). This points to the need for the DTMFIs to adapt to the contextual reality of increased competition. Adaptive leadership in these contexts can be instrumental in ensuring the thriving of these institutions. Additionally, leadership in MFIs remains a challenge due to their dynamic nature and the various actors within the sector. The leadership for the DTMFIs needs to be responsive in this context through institutional leadership and business process re-engineering (Nkurunziza et al., 2019).

Statement of the problem

The Kenyan financial sector has rapidly changed with the introduction of mobile money and other players in the sector. The use of mobile money has been useful in enhancing the operational efficiency of many institutions including DTMFIs (CBK et al., 2019). The use of technology has upped the competition in this sector since there are both regulated and unregulated institutions that have entered this space. More established players like commercial banks have also not been left behind in introducing products in this sector. Deposit Taking Microfinance Institutions have suffered further challenges due to the unstable economy in the country, leading to an increased level of default in the payment of advanced cash (Muithya & Muathe, 2020).

Other challenges that face DTMFIs include low outreach due to the inability to give credit to the poorest, competition from other financial players such as the Credit Only Microfinance Institutions, and leadership that is not sufficiently responsive to the dynamic operational environment (Nkurunziza et al., 2019). The use of technology has affected DTMFIs in both positive and negative ways. The institutions have had positive benefits accrued from the use of mobile banking to operate more efficiently. On the other hand, however, technology has introduced more competition within the sector.   Low outreach means that DTMFIs are not able to fulfill their mandate of poverty reduction. This may lead to mission drift where the DMFIs may venture into newer frontiers that do not resonate with their vision but promise financial sustainability.

Consequently, some of the DTMFIs have been unable to meet the needful breadth and depth of their outreach. Some DTMFIs have had to contend with the fact that they cannot lend to more people even if they wanted due to the balance between financial viability and outreach (Ayele, 2015). Others have had reduced funding from some of the traditional institutions where a significant number of the institutions are funded through debt (AMFI, 2018). Other microfinance institutions have had to undergo ownership restructuring for them to be compliant with the Central Bank regulations. For instance, in 2013, Old Mutual acquired a majority stake in Faulu Kenya, one of the leading DTMFIs in the country (Njue et al., 2016)

In responding to these challenges, studies have been undertaken on broad areas of how leadership has been used to improve the performance of DTMFIs. Muriuki and Ombaba (2018) studied the relationship between transformational leadership and institutional outcomes of MFIs in Kenya. Separately, Mwangi (2021) examined how performance in DTMFIs is affected by technological innovation in Nairobi County. Additionally, Njue et al. (2016) explored the impact of leadership empowerment on performance of MFIs in Kenya. Most of these studies have focused on various forms of leadership with little attention given to adaptive leadership. Even though these studies have focused on performance, not many have dealt with adaptive leadership and how it affects institutional results of DTMFIs. The current study sought to discover how adaptive leadership affects performance of DTMFIs in Nairobi County.

Objectives of the Study

The broad objective was to investigate the effect of adaptive leadership on the performance of DTMFIs in Nairobi County, Kenya. In particular, the study set out to;

1. To determine the effect of situational challenges on the performance of Deposit Taking Microfinance Institutions in Nairobi County, Kenya.
2. To determine the effect of adaptive leadership behavior on the performance of Deposit Taking Microfinance Institutions in Nairobi County, Kenya.
3. To evaluate the effect of adaptive work on the performance of Deposit Taking Microfinance Institutions in Nairobi County, Kenya.
4. To examine the effect of emotional intelligence on the performance of Deposit Taking Microfinance Institutions in Nairobi County, Kenya.

Research Hypotheses

The following hypotheses were used for the study.

$H_0$1: Adaptive leadership has no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

$H_0$2: Situational challenges have no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

$H_0$3: Adaptive leadership behavior has no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

$H_0$4: Adaptive work has no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

H_05: Emotional intelligence has no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

Assumptions of the study

A number of assumptions were considered. First, the study supposed that those participating were truthful in their responses to the study tools. This was premised on the fact that informed consent was sought and confidentiality assured in the data collection process. The respondents varied from senior, middle-level, and lower-level managers and all of them had an array of feedback. It was assumed that they were objective in giving their responses without fear of reprisal. Secondly, the study assumed that references made to secondary empirical data were accurate and credible. The secondary data was acquired from previous research and sectoral reports for DTMFIs in Nairobi County alongside other jurisdictions.

Justification of the Study

This study is justified in a number of ways. First, a majority of studies that have been done have had other leadership styles and not adaptive leadership. For example, Muriuki and Ombaba (2018) undertook a study on the impact of transformational leadership on institution’s results of MFIs in Kenya, while Olaka et al. (2017) studied strategic leadership in commercial banks in Kenya.

Secondly, the studies that have been undertaken in DTMFIs have had a different focus on performance. For example, Mutua et al. (2020) undertook a study to establish DTMFIs outreach and how sustainable they are within Nairobi City County. Performance in the current research is envisaged under financial and non-financial aspects of DTMFIs in Nairobi County.

Thirdly, the Microfinance sector is so dynamic and keeps changing every now and then. This means that the leadership of DTMFIs needs to quickly evolve in responding to this reality. The study of adaptive leadership is justified because there are some things that the DTMFIs need to stop doing, others that they need to retain while they also need to begin doing new things that will ensure that they are in tandem with the changes.

Significance of the Study

This study is significant in a number of ways. First, the DTMFIs can make use of the findings to be more adaptive within the operating environment. Critical in the study is how organizations can be responsive to the common place situational challenges, for instance, adapting to new technology. This is potentially helpful at both leadership and staff levels.

The findings also have usefulness to the AMFI which can use the study to prepare its members in this sector to respond to the emerging trends adaptively. This can ensure that the DTMFIs focus on their core business and expand their social outreach besides financial stability.

The outcome of the research also adds to the available knowledge on leadership in DTMFIs. Exploration of the theme of adaptive leadership which is one of the newer leadership theories is potentially beneficial to CBK, the DTMFIs leadership as well as the staff in meeting their responsibilities across the board. The Central Bank of Kenya which regulates DTMFIs can find key insights from the study to inform its policy formulation and implementation. Additionally, the managers of the DTMFIs can utilize the findings of this research to improve leadership in these institutions. These findings can help them to develop specific interventions to ensure sustainability.

Scope of the Study

The study was about the effect of adaptive leadership on the performance of DTMFIs in Nairobi County. DTMIs that were studied are those that were under the AMFI. The reason for the choice of DTMFIs in Nairobi County was because of the significant part they contribute to providing financial inclusion in Nairobi, Kenya. They also operate in a dynamic environment that is affected by new technology, hence a good area of study. The specific areas of inquiry were the effect of situational challenges, adaptive leadership behavior, adaptive work, and emotional intelligence on performance of DTMFIs in Nairobi County. The 12 DTMFIs were the unit of analysis while the research observation units were: senior, middle, and lower-level managers in DTMFIs.

Limitations and Delimitations

This study had various limitations. There were sudden organizational changes that were experienced at the onset of the Corona virus pandemic. This was moderated by careful analysis of previous performance for the DTMFIs in Nairobi County. The other limitation was the relatively short time within which the study was done. This was dealt with by ensuring data collection through the questionnaire had a wide scope in terms of time. The third limitation was that the research targeted leadership of DTMFIs. This meant that the outcome was based on internal feedback, and therefore the study is introspective concerning DTMFIs.

Chapter Summary

This first chapter has presented the definition of adaptive leadership, and performance of Deposit Taking Microfinance Institutions. Further, the chapter described in detail the status of these institutions globally, in Africa, and Kenya. The key aspects of the inquiry which include statement of the problem have been discussed. Objectives and hypotheses have been laid out. Other aspects that were described in the chapter are the assumptions, justification, significance, and limitations.

CHAPTER 2: LITERATURE REVIEW

The review of literature is a vital aspect in this study since it helps to highlight the various gaps within the study. This chapter reviews relevant literature for the variables that were used in the study. Empirical literature, theoretical literature, research gaps, and conceptual framework are discussed.

Empirical Literature Review

This part covers empirical review of various studies that have been undertaken and are relevant to the current study regarding adaptive leadership and performance.

Adaptive Leadership and Performance

Adaptive leadership has been in practise in various spaces to ensure the sustainability of various institutions. Wamburu et al. (2023) in a study amongst insurance companies in Kenya revealed a strong connection between adaptive leadership and performance. This study was carried out among 311 senior and middle-level managers. In another study, Nebiyu and Kassahun (2021) found that adaptive leadership affected the performance of deans and managers in institutions of higher learning in Ethiopia. In a research carried out among 5,640 deans, directors, and academic staff, it was established that the practice of adaptive leadership had contributed significantly to the effectiveness of the leadership in the institutions.

In a separate study, Chughtai et al. (2023) found that in learning organizations, a strong relationship existed between adaptive leadership and innovation. The findings suggested that adaptive leadership is critical in the change in self-efficacy and also helps with organizational innovations. The study was carried out among 373 permanent employees in pharmaceutical companies. In essence, these studies were undertaken in various sectors such as insurance and learning institutions. This study focussed on adaptive leadership in DTMFIs and therefore responded to the gap of the missing study on adaptive leadership in this sector. Secondly, the study focussed on the full spectrum of management from the senior to lower level.

Situational Challenges and Performance

Nkurunziza et al. (2019) undertook a study on business process reengineering in developing economies with a focus on microfinance institutions in Uganda. This was a correlational and cross-sectional study on organizational adaptability, institutional leadership, and business processes. Even though it focused on how organizations can adapt in the process of re-engineering, the study was done in Uganda, and not Kenya. Further, this was in MFIs, while the current study focused on DTMFIs.

A study on organizational setting and MFI performance in Sub-Saharan Africa was conducted by Chikalipah (2017). The study was done to establish how business freedom and performance of MFIs were related. This was a significant study for it sought to find out how the business environment affects how businesses adapt and eventually operate. The findings show evidence of a strong association between institutional environment and performance of MFIs. The results can however not be generalized to the DTMFIs in Nairobi County since the focus was 291 microfinance institutions in Sub-Saharan Africa under multiple jurisdictions.

Another study on situational leadership and its role in enhancing organization performance was conducted by Alabduljader (2022). The study reported that situational leadership assisted SMEs in Kuwait in maintaining acceptable levels of performance during the Corona virus pandemic. This study was done among 344 managers and leaders in Small and Micro Enterprises at a time when their operations were threatened due to the pandemic. These key studies have been undertaken in various countries on how DTMFIs and SMEs have worked to be effective in their delivery of services. The studies can however not be generalized for DTMFIs in Nairobi County since they were done outside the country. The current study bridged the gap between situational challenges and leadership for DTMFIs in Nairobi County.

Adaptive Leadership Behavior and Performance

Carmeli et al. (2010) studied the signficance of invention in leadership and its enhancement of strategic fit in its context. The quantitative study was conducted in 117 firms using structured questionnaires. The study concluded that innovation leadership contributed to strategic fit, thus enhancing firm performance. Further, it also concluded that innovation leadership is critical in adaptive organizational systems. This study entailed organizations from a wide spectrum. The current study focused on innovation as an adaptive leadership behavior within the DTMFIs.

Lartey (2019) conducted a study that examined how leadership styles affected task performance in the microfinance industry in Ghana. This was a quantitative study that employed a cross-sectional approach using 118 as a sample size in MFIs. It was concluded that transactional and transformational leadership were the most applicable in MFIs and positively affected task performance. The current study focused on a wider array concerning performance for DTMFIs beyond the task performance as carried out in this study. Further, it focused on adaptive leadership and not transactional or transformational leadership.

Njue et al. (2016) did a study to explore the influence of leadership empowerment practices on performance in MFIs. This was based on a cross-sectional survey among Chief Executive Officers and senior managers from the 398 MFIs registered with AMFI in

Kenya. The findings indicated that leadership empowerment affected the performance of MFIs. Whereas it focused on leadership empowerment and its influence on performance, the current study focused on leadership empowerment as an adaptive leadership behavior and how it affects the performance of DTMFIs.

Walela and Okwemba (2015) undertook a study among MFIs in Kakamega County to establish the effect on leadership behaviour and performance of those institutions. Their findings pointed to a positive and strong link amidst leadership behaviour and performance. 57-line managers and credit officers from thirteen institutions were sampled for the study. This study limited itself to MFIs in Kakamega County, and can therefore not be generalized. This gap was addressed in this study by focusing on DTMFIs.

Adaptive Work and Performance

Rarick et al. (2013) studied an individual's adjustment in terms of performance in a multicultural context in Turkey. 132 military personnel were sampled and using hierarchical regression analysis, the study found that cultural awareness, self-efficacy and previous experiences predicted adaptive performance. This study covered adaptive performance in a military setting, while the current study focused on adaptive work within DTMFIs.

Marques-Quinteiro et al. (2019) did a study on employee adaptive performance and job satisfaction in a crisis context focusing on self-leadership. The study was conducted amongst 52 private bankers using a quasi-experimental design. The study showed that change in performance and job satisfaction was positively related to a change in self-leadership. Further, the study recommended self-leadership training was critical in improving adaptive performance. Whereas this was quasi-experimental research amongst private bankers, the current study was a quantitative study amongst senior, mid, and lower-level managers of DTMFIs. Further, the research emphasized adaptive performance though this study focused on adaptive leadership.

Another study was undertaken by Marques-Quinteiro et al. (2019) on how employees adjusted to their work to achieve the desired results in moments of crisis with an emphasis on the responsibility of self-leadership. This was a quasi-experimental study in a private international bank that covered 52 staff. The findings indicated a positive connection among self-leadership, adaptive performance and job satisfaction. Whereas this study focussed on self-leadership, the current study focused on adaptive leadership. Further, the current study focused on staff retention besides staff satisfaction that the current study focusses on.

Emotional Intelligence and Performance

Lumen and Lumen (2010) conducted a study on how emotional intelligence affects the relationship between managers and employees in educational systems in Iran, and how this affects their performance in return. The quantitative study carried out amongst 155 managers and employees showed that emotional intelligence and performance were positively related. This research focused on how emotional intelligence impacts performance of employees in educational systems while the current study focused on emotional intelligence on the performance of DTMFIs.

Briones (2020) developed a prototype for high-potential leaders based on the personal values and emotional intelligence of employees in an MFI in the Philippines. Using descriptive correlation, focused group discussions and surveys were conducted on 523 out of 1,235 Unit Managers who were considered high-potential leaders within microfinance. The study concluded that values and emotional intelligence are possessed by high-potential leaders in achieving their desired status. This study focused on how leaders perceive themselves in relation to emotional intelligence in the context of microfinance. The current study focused on how leaders can use their emotional intelligence to enhance performance in DTMFIs with Nairobi County.

Uchenna et al. (2019) did a study on emotional intelligence and performance of front-line workers in particular microfinance banks in Lagos, Nigeria. This was a purposive sampling of 63 employees from 14 microfinance banks. The study focused on emotional intelligence aspects of empathy, social skills, self-awareness, self-regulation, and self-motivation. The research established that emotional intelligence aspects directly and significantly affected the job execution of these workers. The study concluded that performance in microfinance Banks was driven by emotional intelligence. Even though the current study focused on the same aspects of emotional intelligence, it was situated within DTMFIs in Nairobi, Kenya, unlike this study. Additionally, the current study uses stratified random sampling.

Wangari and Macharia (2019) conducted a study to establish how performance in the insurances sector in Kenya was affected by emotional intelligence. Using a positivistic research philosophy, 208 respondents drawn from the lower, middle, and top-level leadership were selected. A semi-structured questionnaire was used for data collection. The findings showed that performance in Kenyan insurance companies was significantly influenced by emotional intelligence. Whereas this study's context was the insurance sector, the context for the current study was the microfinance sector. Further, the current study made use of a structured questionnaire as opposed to a semi-structured one.

Theoretical Literature Review

The main theory for this study was adaptive leadership theory. This was supported by other theories and models such as organizational learning theory, emotional intelligence theory, and the balanced scorecard model.

Adaptive Leadership Theory

Adaptive leadership theory is a key component of organizational change in both internal and external aspects of the organization. This theory was first discussed by Heifetz in 1994. Heifetz (1994) proposed that, just like humans, organizations go through various changes as they grow. These changes may be in short periods, within a generation, or across generations. Organizations that record good performance over these epochs are predisposed to continuous adjustment both internally and externally. Generally, organizations face an array of challenges which may be technical, adaptive, or both. According to Heifetz et al. (2009b), technical challenges are straightforward and can be dealt with by technical solutions. However, adaptive challenges are more complex and need adjustment of the leaders' value system and the internal systems of the organization to appropriately respond to the external system.

Adaptive leadership theory is based on the complexity science theory. This theory presupposes that organizations are made of complex systems and therefore, what needs to be adjusted to in the process of adaptation is not just one area or idea, but a collection of ideas, areas, and resources within an organization (Bailey et al., 2012). The adjustment is like a chain reaction, where a re-orientation in one area such as personnel affects other areas like training, and work output among others. A leader has to therefore be cognizant of these possible changes and make an approach that will ensure comprehensive modification. Further, the organization has complex challenges whose solution is not known, yet they have to be dealt with to ensure that the organization survives as well as flourishes.

McHale (2020) suggests that understanding the current adaptive challenges in an institution needs a clear understanding of the culture of the institution. Once the challenges have been identified, there is a need to reframe the roles after which the whole organization is engaged in dealing with the adaptive challenge, which may require a culture change within the organization. Highsmith (2013) further argues that organizations that are capable of identifying adaptive challenges are agile and can produce a continuous flow of values for all their stakeholders and stockholders. This is achieved through creativity and innovation that results in adaptability.

Adaptive leadership is anchored on the principles of character, organizational justice, development, and emotional intelligence. The leaders in an organization need to develop a credible character that enables them to endear themselves to those that they lead in an organization. A leader with a balanced character ensures organizational justice and fairness in the way they deal with their workers. Challenges are bound to cause distress and discomfort within the firm. Such a leader will be highly valued since, during these moments of difficulty, everyone wants to feel that their voices are being heard and that the leadership and the organization are fair at large. Every employee who feels included as part of the team will do their best to ensure the organization thrives despite the tough encounters (Le et al., 2020).

An additional principle of adaptive leadership is development. As the leaders work on various aspects, they lead to their personal development, that of those that they lead as well as the organization at large. In the adaptive leadership process, the leaders can build resilience as well as distribute leadership since the leaders are more conscious of inclusion rather than exclusion (Bagwell, 2020).

Finally, a leader needs to have social skills and emotional intelligence to connect with employees and customers effectively, but more so to provide leadership that is above board. Emotional intelligence helps leaders to make the right decisions concerning those that they lead in a way that the team remains socially connected and to the task whose outcome is motivation. Further, emotionally intelligent leaders are flexible and conscious of how their decisions affect others. With their flexibility and openness to learning, adaptive leaders are capable of developing emotionally intelligent followers (Yukl & Mahsud, 2010).

Adaptive leadership theory is therefore used to support the variables of situational leadership challenges, adaptive leadership behavior, adaptive work, and emotional intelligence (DeRue, 2011; Heifetz et al., 2009a). These aspects affect the interaction between the leaders and their followers in dealing with situational challenges, adaptive leadership behavior for the leaders and the followers, organization justice, and development of the leaders that result in adaptive work.

Balanced Score Card Model

The balanced scorecard (BSC) model was introduced by Robert Kaplan and David Norton in 1992 (Chavan, 2009). This model focuses on four aspects of the organization which include customers, financial resources, learning and growth within the organization, and internal processes (Kaplan & Norton, 2004). Various reviews, including the Harvard Business Review, have argued that this is perhaps one of the most influential ideas in the world of business organizational leadership (Madsen & Stenheim, 2015). The BSC's initial focus was on how leaders can balance between financial and nonfinancial measurements for organizational prowess. However, these expanded to have a wider focus that includes strategy and has become a critical tool of strategic decision-making. This shifted focus from the shareholders to both the shareholders as well as other stakeholders such as employees and customers (Hasan & Tai Mei, 2017).

Until recently, performance has been measured primarily by financial parameters (Mishra & Mohanty, 2014). The expanded measurement of performance has eased the narrowed view of financial performance for organizations. However, conversations are still ongoing on the best measurements for organizational performance (Almatrooshi et al., 2016). Despite this, the complex nature of organizations has necessitated a wider spectrum of performance indicators. Richard et al. (2009) contend that performance is a definitive variable of concern in organizations. Other aspects of the institution like human resources, operations, marketing, and strategy are adjudged on how they contribute to overall returns within an organization.

The financial component of the BSC model ensures that the shareholder’s requirements for a return on investment are met. As such, financial targets are set, and therefore ought to be met. On the other hand, the customer perspective relates to how the organization allocates resources for the satisfaction of its customers. This includes extensive surveys and product development that meet the dynamic needs of the customer (Peter & Donnelly, 2019). Customers are critical since, at the end of the day, they are the greatest source of a lifeline for the firm in terms of revenues.

The internal processes are the bridge between the shareholder and the customer since their main objective is on how the organization can deliver value to the customers, and consequently a return on investment for the shareholder. The internal processes constitute business policies and guidelines that ensure that the organization operates efficiently and effectively (Hasan & Tai Mei, 2017). The learning and growth in an organization concern itself with how the organization can improve its capacity to achieve its vision, mission, and objectives. A key aspect of this is staff training and acquisition of knowledge. Deliberate investment in staff capacity ensures that the employees clearly understand the organization and what is expected of them, and therefore desirably execute their mandate. This results in an organizational culture that ensures sustained growth.

This study focused on financial and non-financial aspects of DTMFIs. The four perspectives of the BSC model of customer, financial, learning and growth, and internal processes are important variables that this model supports. Therefore, this model supported the variable of performance in this study.

Organization Learning Theory

The dynamic business environment requires organizations to adopt a posture that makes them open to gaining new information and knowledge. The effects of the COVID-19 pandemic have made this more important since many companies have had to do away with long-held practices because it was necessary to remain relevant (Waghid et al., 2021). Even without a pandemic, organizations that have failed to learn from their peers, the trends, or the past, have always found themselves condemned to museums.

Dixon (2017) attests to the fact that learning does not happen in isolation, but rather, in the process of working within the organization. Additionally, the learning process leads the organization to make use of the acquired knowledge within the operational environment. This implies that learning organizations do not wait for their workers to learn on their own. Such organizations are deliberate in guiding the learning process in equipping the employees to meet the desired outcome for the institution. A critical aspect of this approach is that the employees are guided to learn together and deal with difficult challenges that they may encounter within the organization. The learning process involves the acquisition of knowledge. However, not all acquisition of knowledge can lead to learning (Cristea & Capatina, 2009; Dalkir, 2011). The import of this is that organizations need to be conscious of how knowledge acquisition can translate to learning in an organization. Part of what can help in this understanding is a fair comprehension of what organizations are. Dixon (2017) argues that an institution is a purposeful social system that is interrelated with itself, the individuals who comprise the organization, and the large system of which the organization is part. Learning that influences these three spheres of an organization, therefore, contributes to great lengths in an organization's life.

Organizations go through moments of adaptation through the change process just the way they go through learning. An organization can adapt to change without necessarily learning. The Corona virus pandemic has caused many organizations to adapt and change. Nevertheless, some organizations were waiting for when the pandemic would end so that they go back to the good old days (Dallas, 2015). This is paradoxical, yet a reality that leadership in organizations has to contend with. It is vital to note that the interdependence between learning and adaptability is central for organizations to survive and thrive. The organizational learning theory was utilized in this study to emphasize the aspects of knowledge acquisition through peer learning, training, behavioral change, and adaptation of the organization in achieving its vision and mission (Laudon & Laudon, 2017). This theory was therefore used to support adaptive leadership behavior and adaptive work.

Emotional Intelligence Theory

Intelligence Quotient (IQ) was thought for many years to be the most critical aspect that determines how one excels above anything else (Goleman, 2017). However, the interrelatedness of people and tasks has implied that a person's IQ is as important as their social skills and how they relate with others through Emotional Intelligence (EI). The field of EI was extensively discussed by Mayer in 1990 and expanded further by Goleman in 1995. Both of their theoretical models cover an array of aspects that relate to how individuals view themselves and how they relate to each other.

The most commonly used models are the mixed models and the ability models. According to Cabello and Fernandez-Berrocal (2015), mixed models consider various features such as empathy, motivation, persistence, optimism, and social skills. This means that one's EI can therefore be evaluated on how balanced the display of these characteristics stands out as they interact with others in either a work or non-work environment. Conversely, the ability model explains EI as an integration of various capabilities such as accurately perceiving, assessing, and expressing emotion, accessing and generating feelings and thoughts, and understanding the whole aspect of emotions.

A good grasp of emotional intelligence, therefore, points to individuals who first and foremost are well aware of who they are, and are therefore able to deal with others with that knowledge. Goleman (1996) suggests key additional aspects of EI which include self-regulation, self-motivation, social skills, and empathy. These aspects make the leaders and the employees all-rounded.

The emotional intelligence theory was used to engage how self-aware managers are, how empathetic they are while dealing with their followers and other workers, how the leaders regulate themselves in dealing with their emotions as they work within the organization, and self-motivation as an aspect of emotional intelligence in light of tough times occasioned by the dynamic environment. This supported the adaptive leadership and emotional intelligence aspects of the study.

Summary of Literature Review and Research Gaps

In conclusion, several undertakings have been conducted on performance in various firms, Microfinance Institutions, different sectors as well as different countries. However, these studies have not shown how adaptive leadership can affect performance in DTMFIs in Kenya, specifically within Nairobi County. The various studies done within MFIs and DTMFIs have engaged the aspect of adaptability (Schulze & Pinkow, 2020). However, none of them have dealt with adaptive leadership. This review, therefore, points towards the existence of various gaps at the conceptual as we all as empirical gaps. The research gaps summary is shown in the Table 2.1.

Table 2.1; Summary of Empirical Literature Review and Research Gaps

Author	Purpose of study	Findings	Research gap	The focus of the current study.
Chikalipah (2017)	Institutional environment and microfinance performance in Sub-Saharan Africa	A strong institutional environment has a positive effect on the performance of MFIs in Sub-Saharan Africa.	The study cannot be generalized to the DTMFIs in Nairobi, Kenya since the study focused on a wide range of MFIs under different jurisdictions.	The study is specific to DTMFIs in Nairobi, Kenya.
Nkurunziza et al (2019)	Business process reengineering in developing economies with a focus on microfinance institutions in Uganda	Organizational adaptability and institutional leadership are key predictors of business process reengineering performance.	The study focuses on the relationship between organizational adaptability and institutional leadership and business processes. The study is carried out in MFIs in Uganda	The study focuses on specific aspects of adaptive leadership in institutions. The study is located in Nairobi, Kenya amongst the DTMFIs.
Carmeli, Gelbard, and Gefen (2010)	The importance of innovation leadership in cultivating the strategic fit of an organization with its	The study concluded that innovation leadership both directly and through	The study was from a wide spectrum of organizations working in various sectors.	The current study is specific to the finance sector, and more

Author	Purpose of study	Findings	Research gap	The focus of the current study.
	environment and enhancing firm performance	increased strategic fit enhanced firm performance		specifically to the DTMFIs.
Lartey (2019)	The impact of leadership styles on task performance in the microfinance industry in Ghana	The findings showed that transformational and transactional leadership were the dominant styles of leadership applicable in microfinance institutions and positively affected task performance.	The study focused on how leadership styles affected task performance within the staff.	The current study has a wider scope of performance for the overall institution and is not based on tasks only.
Njue et al. (2016)	The influence of leadership empowerment practices on the performance of microfinance institutions.	Leadership empowerment influenced the performance of MFIs in Kenya.	The study focused on all 398 MFIs In Kenya.	The study focuses on leadership empowerment as an adaptive leadership behavior and how it affects the performance of 12 DTMFIs in Nairobi County.

Author	Purpose of study	Findings	Research gap	The focus of the current study.
Rarick et al. (2013)	Cultural intelligence as a predictor of an individual's adaptive performance in a multicultural environment	Cultural intelligence together with self-efficacy and prior experience were important predictors of adaptive performance	The study was carried out in a military context.	The study focuses on senior staff in DTMFIs.
Marques-Quinteiro et al. (2019)	Employee adaptive performance and job satisfaction during organizational crisis focusing on the role of self-leadership	The findings of the research showed that change in the level of self-leadership was positively related to changes in the level of adaptive performance and job satisfaction over time.	The study was carried out amongst private bankers using a quasi-experimental design.	The study is a quantitative study amongst top leaders of DTMFIs.
Lumen and Lumen (2010)	Emotional intelligence affects the relationship between managers and employees in educational systems in Iran, and how	A positive relationship between emotional intelligence and performance	The study was conducted in educational systems in Iran.	The study is conducted in DTMFIs in Nairobi, Kenya.

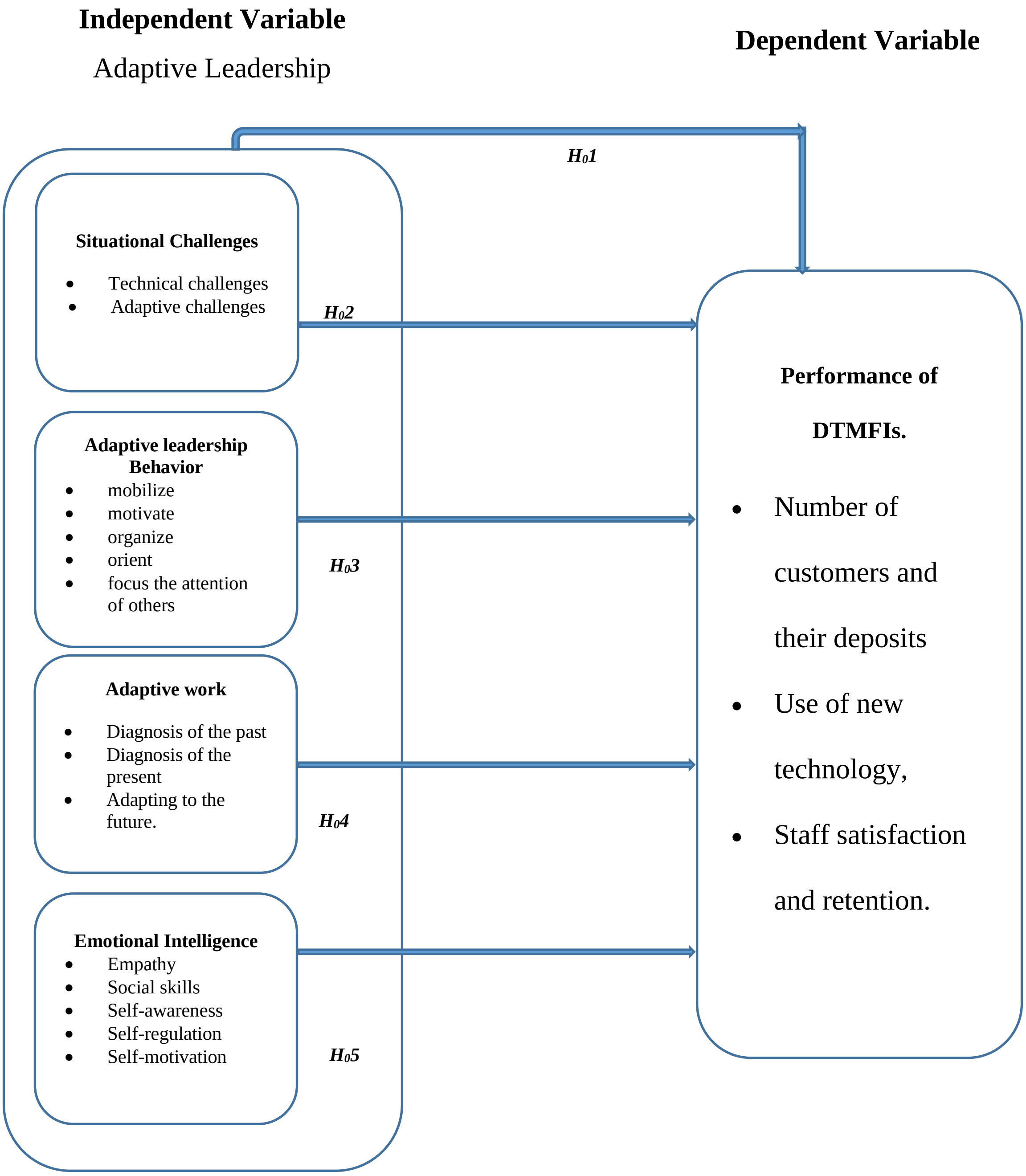
Author	Purpose of study	Findings	Research gap	The focus of the current study.
	this affects their performance in return			
Uchenna et al. (2019)	Emotional intelligence and job performance of front-line employees of selected microfinance banks in Lagos, Nigeria	Emotional intelligence aspects directly and significantly affected the job performance of frontline employees of microfinance banks	The study focused on microfinance banks in Lagos, Nigeria.	The current study focuses on DTMFIs in Nairobi, Kenya.
Briones (2020)	High potential leaders model based on personal values and emotional intelligence of officers in CARD MRI Microfinance in the Philippines	High-potential leaders have values and emotional intelligence that help them achieve the status of high-potential leaders.	This study focused on how leaders perceive themselves in terms of emotional intelligence in the context of microfinance. Intelligence to enhance performance in DTMFIs with Nairobi County.	The current study focuses on how leaders can use their emotional

Source: Author (2023).

Conceptual Framework

The conceptual framework shown in figure 2.1 is a pictorial presentation of the relationship between the variables.

Figure 2.1: Conceptual Framework



Source: Author (2023).

Figure 2.1 depicts performance as the dependent variable while the independent variables are situational challenges, adaptive leadership behaviour, adaptive work, and emotional intelligence (Schulze & Pinkow, 2020). The indicators for performance were the number of customers and their deposits, the use of new technology, and staff satisfaction and retention. In this study, adaptive leadership had four components: determining the effect of situational challenges, determining the effect of adaptive leadership, evaluating the effect of adaptive work, and examining the effect of emotional intelligence. This study hypothesized that adaptive leadership has no statistically significant effect on the performance of DTMFIs in Nairobi County. Situational challenges were operationalized by technical and adaptive challenges; leadership behaviour by motivation, mobilization, organization, orientation, and focus on others; adaptive work by the diagnosis of the past, present and future; emotional intelligence by self-regulation, self-motivation, social skills and, empathy (Nelson & Squires, 2017; Pradhan et al., 2017).

Chapter Summary

This chapter has reviewed empirical literature review covering global scenarios, in Africa and locally in Kenya. Additionally, theoretical literature alongside the support theories has also been reviewed. The theories discussed are adaptive leadership theory, balanced score card model, organizational learning theory and emotional intelligence theory. Finally, the conceptual framework is also presented.

CHAPTER 3: RESEARCH METHODOLOGY

Introduction

Research methodology entails means a researcher uses to solve an identified research problem (Kumar, 2011). The current chapter explains the research methodology, research design, target population, sample size, the data sampling procedure, data collection instrument and its pretesting, data collection, analysis and presentation as well as ethical considerations for the study.

Research Philosophy

Research philosophy is known to be the process of how knowledge is developed. This is is important since it forms the assumptions of the worldview of the researcher. Ontology and epistemology are the two main philosophies in social science research. Ontology deals with what exists or is said to exist and how it can be clustered in a hierarchy while epistemology deals with the nature of knowledge (Saunders et al., 2009). Ontology is preferred when dealing with qualitative data. Conversely, epistemology is useful when dealing with quantitative data for inferential purposes. The researcher therefore employed epistemological philosophy in this study.

Epistemology is further classified into two areas; phenomenology and positivism paradigms (Harvey, 2007). Phenomenology posits that people know social processes if they can interpret what they mean. This implies that phenomenology is best suited for the analysis of qualitative data. On the other hand, the positivism paradigm posits that work with observable social reality and the end product of such studies can be generalized. This paradigm focuses more on facts than feelings. Further, this paradigm has a stance that the researcher is an outsider to the research, and can therefore be objective. Positivism does not portray bias because it focuses on what is real, can be measured, and is valid (Creswell & Creswell, 2018). Positivism which espoused the notion of absolute true knowledge has now been challenged by newer thinking, now referred to as post-positivism, which asserts that absolute positivism cannot be achieved when studying human behavior and actions (Hammersley, 2019).

The post-positivism paradigm holds a deterministic worldview of cause and effect. There is, therefore, a need to recognize the causes that influence outcomes when using this approach for an inquiry. This philosophy is also reductionist such that ideas can be captured as variables in terms of research questions. The researcher can therefore use a brief instrument and give room to the respondents to share their perspectives on a matter without being bogged down with too many details and the underlying theories (Panhwar et al., 2017). Additionally, post-positivism is pluralistic, and therefore one can use it to study actions by individuals as well as groups, of an organization or group of organizations. This paradigm also uses empirical data and observation as a means of measurement. The researcher is objective since they are not part of the subject of the research. The measurement is therefore used to verify a theory, which forms the basis of the inquiry.

This research was premised on adaptive leadership theory and supported by other theories. Postpositivists are concerned with how the data collected is either accepted or not accepted by the theory that is being tested. This is at the core of the postpositivist approach hence the choice to use this approach. Since postpositivism is also pluralistic, it was suitable for this study which had multiple variables as well as varying contexts of the study in the various DTMFIs. Further, this approach helped gauge the causal relationships between variables. The study formulated research objectives and hypotheses and used statistical techniques in order to test the hypothesis therefore making conclusions on the relationship between adaptive leadership and performance of DTMFIs in Nairobi County.

Research Design

Descriptive and explanatory designs were used. A descriptive research design was selected because it helped to describe various variables in the study (Saunders et al., 2009). Adaptive leadership had four independent variables, namely, situational challenges, adaptive leadership behaviour, adaptive work, and emotional intelligence. Performance of DTMFIs was the dependent variable. Descriptive design was important since the study sought to clarify descriptions of the variables (Creswell & Creswell, 2018). Further, an explanatory research design was used to establish the association between the independent and dependent variables.

Target Population

298 senior, middle-level and lower-level managers drawn from 12 DTMFIs was the target population. The 12 DTMFIs are registered by CBK and are members of AMFI Kenya (AMFI, 2021). The target population was chosen because they were the most appropriate respondents as leaders in the DTMFIs. This is presented in Table 3.1.

Table 3.1: Target Population

Management Level	Frequency	Percentage
Senior Management	**37**	**12%**
Middle-Level	**79**	**27%**
Lower-Level	**182**	**61%**
Total	**298**	**100%**

Source; AMFI (2022)

Sample Size and Sampling Procedure

Sampling is important in any area of study since it makes the study practical by focussing on part of the target population rather than the whole population. The sampling process gives a simple size that acts as a representation of the whole population (Denzin & Lincoln, 2018). The sample has to be carefully considered since it has an eventual effect on the outcome of the research.

The target population was classified into senior, middle-level, and lower-level management. The stratification was done since the respondents were not homogeneous (Kothari, 2004). Once stratified, the researcher used random sampling within each stratum for the selection of the sample. Stratified random sampling was used because it is not biased since it puts the sample into strata of homogenous samples from which random sampling is done. The sample comprised 169 respondents. This was taken from 298 managers, a confidence level of 95% and an error of 0.05 as recommended by Kothari (2014).

$$n = \frac{z^2 . N . \partial_p^2}{(N-1)\sigma^2 + z^2 \partial_p^2}$$

$$169 = \frac{1.96^2 . 298 . (0.5)^2}{(298-1)0.05^2 + 1.96^2 * 0.5^2}$$

Where; n is the sample size, N is 298 respondents, σ is the accepted error of 0.05, ∂p is the population standard deviation represented by 0.5 if not known and z is the standard deviation of 1.96 for a confidence level of 95%.

Table 3.2: Sampling Framework

Management Level	Frequency	Multiplier factor	Sample size
Senior	37	0.567	21
Middle-Level	79	0.567	45
Lower-Level	182	0.567	103
Total	298		169

Source; Author (2023)

Data Collection Methods

A semi-structured questionnaire was used as the primary tool with closed-ended questions, and one open-ended question in each section. The choice of this mode of data collection was informed by the fact that closed questions help the respondents to be spot on in terms of feedback while open-ended questions enable the respondents to give accurate and detailed feedback on the areas of inquiry (Baburajan et al., 2021).

The questionnaire had part A and part B; part A collected background information and the bio data on the respondents while part B covered aspects of the independent and dependent variables. Sections I to IV of part B covered situational challenges, adaptive leadership behaviour, adaptive work, and emotional intelligence as independent variables, and section V covered performance as the dependent variable. Each section had closed questions, followed by an open-ended question.

Operationalization of Variables

The data gathered for the study requires to be validly measured for the study to produce the desired outcome. The table shows the operationalization of variables.

Table 3.3: Operationalization of Variables

Variable	Variable type	Definition	Indicator/Measurement	Measurement in the questionnaire
Situational challenges (SC)	Independent	Technical or adaptive challenges that may hinder or enhance the operations of the DTMFIs.	1. Technical challenges 2. Recognize technical challenges 3. Address technical challenges 4. Adaptive challenges 5. Identify adaptive challenges 6. Respond to adaptive challenges	Part B Section I; Questions 5 and 6.
Adaptive leadership behaviour (AB)	Independent	The actions that the leader takes in tough and challenging times.	1. Employee mobilization 2. Employee motivation 3. Orientation of new staff 4. Focus the attention of others	Part B Section II; Questions 7 and 8.
Adaptive work (AW)	Independent	Adaptive work is the process of acclimatizing to the environment and being able to thrive despite the challenges.	1. Organizational performance review 2. Short-term and long-term plans 3. Strategic planning 4. Strategic foresight	Part B Section III; Questions 9 and 10
Emotional intelligence (EI)	Independent	The leader's ability to understand and manage their own emotions and communicate effectively with others.	1. Demonstration of empathy 2. Social skills among staff. 3. Self-awareness 4. Self-regulation 5. Self-motivation	Part B Section IV; Questions 11 and 12.
Performance of DTMFIs. (P)	Dependent	The ability of DTMFIs to meet their set targets and objectives.	1. Number of customers 2. Amount in deposits 3. Use of new technology 4. Staff satisfaction and retention.	Part B Section V; Questions 13 to 16.

Source; Author (2023)

Data Collection Instrument

Validity of the Questionnaire

This is the process through which the researcher checks for the accuracy of the instrument being used in data collection (Creswell & Creswell, 2018). It seeks to answer the question of whether the instrument can measure what is being measured. Various categories of validity for example face, content, criterion, and construct validity exist (Taherdoost, 2016). The research covered content and face validity. Content validity concerns itself with the degree that which the survey instrument measures the area of study (Rusticus, 2014) while face validity evaluates the instrument in terms of appearance, feasibility, appearance, and consistency in terms of style and format (Yusoff, 2019). This process ensures that critical elements of the study are not left out of the instrument.

A pilot study was undertaken to confirm the questionnaire's validity. Face and content validity of the questionnaire were conducted through feedback from the supervisor and members of faculty in the department and the pilot study. The questionnaire was found adequate and able to measure the various variables of the study.

Reliability of the Questionnaire

This is the ability of a measurement instrument to provide constant results under different environments (Kumar, 2011). This, therefore, has to do with repeatability, in which case an instrument will provide similar results for various tests under similar conditions. Standardization of the conditions under which the instrument will be used was done to ensure reliability.

Reliability was measured using Cronbach’s alpha. This was suitable since it confirmed the internal reliability of the measurement instrument that has multiple Likert scale questions (Heo et al., 2015). Cronbach alpha values range from 0 to 1.0 where a threshold value of reliability was set at 0.7. The Cronbach's alpha coefficient is shown in the table.

Table 3.4: Reliability Results

Variable	Cronbach's Alpha	Remarks
Situational challenges	.878	Reliable
Adaptive leadership behaviour	.933	Reliable
Adaptive work	.789	Reliable
Emotional intelligence	.755	Reliable
Performance	.850	Reliable
Overall	**.945**	**Reliable**

Source: Pilot Study (2023)

According to the results in Table 3.4, Cronbach's alpha coefficient for situational challenges was 0.878, adaptive leadership behaviour was 0.933, adaptive work was 0.789, and emotional intelligence was 0.755 while the one for performance was 0.85. The total Cronbach's alpha coefficient was 0.945. The set threshold was 0.70. The questionnaire was therefore considered reliable in collecting the required data.

Data Analysis

Data analysis is central in interpreting the meaning of what the researcher sets out to study. The process helps in raising how the independent and dependent variables are related. Descriptive analysis was used to objectively describe the different variables within the study (Kemp et al., 2018). Descriptive data analysis makes use of statistical methods such as measures of frequency, central tendency, and dispersion. IBM SPSS Statistics version 27 was used. To avoid any errors, the data was carefully entered into the software through coding. The data was cross-checked to ensure no omissions had been made.

Quantitative data was analyzed using the descriptive statistical methods of mean, frequency, and standard deviation. Qualitative data was analyzed using qualitative content analysis. This method concerns itself with the analysis of textual data. Generally, content analysis can be categorized as conventional, which is an inductive approach, directed, which is a deductive approach, and summative (Assarroudi et al., 2018). The textual data was sorted, organized, and coded to come up with a meaningful interpretation of the results.

Multiple regression analysis was used to determine the relationship between variables. This approach was preferred because it could explain the relationship between performance as the dependent variable and situational challenges, adaptive leadership behavior, adaptive work, and emotional intelligence as independent variables (Uyanık & Güler, 2013). The regression model that was used is represented by;

$$P = \beta_0 + \beta_1 SC + \beta_2 AB + \beta_3 AW + \beta_4 EI + \varepsilon$$

Where;

P is the performance of DTMFIs in Nairobi County

β_0 is the constant

β_1, β_2, β_3, and β_4 are the variable coefficients

SC is situational challenges,

AB is adaptive leadership behaviour

AW is adaptive work and

EI is emotional intelligence

ε is the error term

This multiple regression model assumed a normal distribution of data, linearity, freedom of extreme values, and no multiple ties between the independent variables as discussed by (Jäntschi et al., 2016).

To find out the effect of each independent sub-variable on the performance of DTMFs, the study adopted a simple linear regression model recommended by Bingham and Fry (2010).

$P = \beta_0 + \beta_1 SC + \varepsilon$ for situational challenges

$P = \beta_0 + \beta_2$AB+ ε for Adaptive Leadership Behavior

$P = \beta_0 + \beta_3 AW + \varepsilon$ for adaptive work

and

$P = \beta_0 + \beta_3 EI + \varepsilon$ for emotional intelligence.

Where ε is the error term.

Diagnostic Tests

Diagnostic tests are important since they offer confidence that the regression assumptions for the analysis are within the generally accepted limits. The diagnostic tests carried out on the data were: normal distribution of data, linearity, multicollinearity, and heteroscedasticity.

Data is considered normally distributed if there is a symmetrical dispersal in which data, when plotted shows a bell-shaped curve (Saunders et al., 2009). Additionally, normality can similarly be confirmed using the Skewness and Kurtosis test (Hair et al., 2019). According to Kothari (2004), the threshold for normality is within the range of + or

-3. This means that when the Skewness and Kurtosis is > ±3, then there is no normal distribution. Skewness and Kurtosis range of ±3 was accepted for normal data distribution.

Linearity is the extent to which a change in the dependent and independent variables is related (Saunders et al., 2009). The scores of each of the aspects of the independent variables of situational challenges, adaptive leadership behaviour, adaptive work, emotional intelligence, and the dependent variable of performance of DTMFIs were calculated and averaged. The linear regression was calculated using a 95% confidence level. Linearity was assumed if linearity was significant with a p-value <0.05, and deviation from linearity was not significant with a p-value >0.05. Secondary diagnosis was done using a scatter plot, where linearity was assumed if the scatter plot was found to be linear.

Secondly, a multicollinearity test was undertaken. Statistically, this is a phenomenon when two or more independent variables are highly related in a multiple regression model (Daoud, 2017). Testing multicollinearity is important in statistical analysis since a higher correlation can lead to distortion of the regression model, resulting in challenges when it comes to the interpretation of results.

Multicollinearity can be classified in two; the first is data-based, which is a result of poorly designed research. The second, referred to as structural multicollinearity happens when the researcher introduces a new independent variable from an existing one. The higher the multicollinearity, the more difficult it becomes to independently distinguish the effects of two predictors on a dependent variable.

Multicollinearity was tested using the Variable Inflation Factor (VIF) which measures the extent of the multicollinearity relationship between various independent variables. VIF has a minimum value of 1, which illustrates no association between the two independent variables. It does not have a higher limit. There are various discourses on the acceptable VIF value. Hadi and Chatterjee (2013) suggest that a VIF value of less than ten is acceptable. Further, Daoud (2017) suggests that a VIF of 1 shows no correlation between independent variables, between one and five has moderately correlated variables, and a VIF value greater than 5 shows a high correlation. This study accepted a VIF value of five and below.

The third diagnostic test that was done was heteroscedasticity. Heteroscedasticity refers to the unequal variances between the independent and dependent variables (Aslam, 2014). Heteroscedasticity occurs when there is a significant range between the largest and smallest sets of observable data. The presence of heteroscedasticity introduces the challenge of the inconsistent and biased covariance matrix for the variables. Testing for the inconsistencies, therefore, enabled the researcher to come up with corrective measures when analyzing data.

Heteroscedasticity was tested using the Breusch-Pagan test. Data was concluded to be heteroscedastic if the result was significant while low values indicate homoscedasticity (Astivia & Zumbo, 2019). The Breusch-Pagan test is a statistic that has a chi-square distribution. Heteroscedasticity will be assumed if the threshold value is less than $p<0.05$.

$$X^2 = n.R^2.k$$

Where n is the sample size, R^2 is the coefficient of determination based on a possible linear regression and k is the number of independent variables.

Test of Hypothesis

The research had five null hypotheses based on one overall objective and four specific objectives. The null hypothesis for the overall objective was done by conducting multiple regression, with the acceptance of the hypothesis set at a significance of 0.05. The hypothesis was accepted if $p>0.05$ and rejected if $p<0.05$. A similar threshold was accepted for the specific objectives. Each of them had a null hypothesis, with significance set at 0.05. The null hypothesis was accepted if $p>0.05$ and rejected if $p<0.05$.

Ethical Considerations

Ethical consideration is a critical aspect of carrying out a study since it ensures that the various respondents and their feedback are treated in a manner that is right and generally acceptable in the field of study (Cooper, 2016). These considerations relate to how the researcher engaged respondents in terms of their identity, their voluntary participation in the research and how the data was collected. One key aspect is the consent given to collect data from the respondents without coercion. Coercion can result in the unintended effect of untruthfulness (Gregory, 2003).

All the respondents wilfully participated in the research. Additionally, the researcher sought clearance from the University Ethics Committee for approval of the study. Finally, a research permit was sought from the National Commission for Science, Technology, and Innovation (NACOSTI).

Chapter Summary

This chapter presented the various aspects of the methodology for the study. It summarizes the research philosophy and design. The chapter also covered target population, sample size and sampling procedure. It similarly covered data collection methods and the operationalization of variables. Further, the chapter also shows how the research instrument was pretested. Additionally, the chapter presents how the data was analyzed and the various diagnostic tests. Finally, it presents ethical considerations and approvals undertaken by the study.

CHAPTER 4: RESULTS AND DISCUSSION

The main objective was to investigate the effect of adaptive leadership on the performance of DTMFIs in Nairobi County. Specific objectives were to; determine the effect of situational challenges, determine the effect of adaptive leadership behavior, evaluate the effect of adaptive work, and examine the effect of emotional intelligence on the performance of Deposit Taking Microfinance Institutions in Nairobi County. Chapter four discusses the research findings and how quantitative and qualitative data were analyzed. It presents demographic and descriptive analysis and inferential analysis results on the connection between adaptive leadership and the performance of DTMFIs in Nairobi County.

Response Rate

The rate of response is shown in Table 4.1.

Table 4.1: Response rate

Level of Management	Frequency		Percent
	Sample Size	Response Rate	
Senior	21	14	13.7
Middle-level	45	36	35.3
Lower-level	103	52	51.0
Total	**169**	**102**	**100.0**

Source; (Field Data, 2023)

The response rate in Table 4.1 shows that the sample size was 169, and the response rate was 102, representing 60%. Further, the 102 respondents were drawn from 9 out of the 12 DMFIs targeted, showing a 75% response rate amongst the DTMFIs. Mugenda and Mugenda (2019), posit that a return rate of 50% is considered sufficient. Further, Bryman and Bell (2015) argue that a 60% return is good while 70% is excellent. Based on this, a 60% return was accepted as sufficient for analysis.

Demographic Analysis of the Respondents

Level of Management, gender, level of education, and work experience of the respondents were analysed as follows:

Level of Management

The respondents’ management level is shown in Table 4.2.

Table 4.2: Management Level of the Respondents

Level of Management	Frequency	Percent
Senior	14	13.7
Middle-level	36	35.3
Lower-level	52	51.0
Total	102	100.0

Source; (Field Data, 2023)

Table 4.2 displays the respondents stratified into three categories; senior, middle-level, and lower-level management. The results show that there were 14 senior managers representing 13.7%, 36 were middle-level managers representing 35.3% and lower-level managers were 52, representing 51%. The data shows that more than half were lower-level managers at 51%. These results were acceptable in light of the sample size of the lower-level managers which was higher since they were numerically higher.

Gender of the Respondents

The respondents’ gender is presented in Table 4.3.

Table 4.3: Gender of Respondents

	Frequency	Percent
Male	64	62.7
Female	38	37.3
Total	102	100.0

Source; (Field Data, 2023)

The results show that the male respondents were 64 (62.7%) while 38 (37.3%) were female. Other studies conducted had varied gender representation such as Watetu (2017) had a response rate of 54% for female and 46 for male in the service industry. Additionally, Maundu (2019) carried out a study among high school principals, and the gender of the respondents was 54.1% male while 45.9% were female. This indicates that the gender response rate may vary from one industry to another. The realized gender distribution of 37.3% for female, though showing that fewer women are working in the DTMFIs in Nairobi County, was accepted since it also meets the minimum threshold for government regulations on gender parity.

Level of Education

Education level is critical in effective working of DTMFIs. The education hierarchy of the respondents was sought as part of the preliminary data. This is shown in Table 4.4.

Table 4.4: Level of Education

Level of Academic Education	Frequency	Percent
Doctorate	1	1.0
Masters	15	14.7
Bachelor’s Degree	65	63.7
Diploma	20	19.6
Certificate	1	1.0
Total	102	100.0

Source; (Field Data, 2023)

The data indicated that there was one respondent with a doctorate, representing 1%, 15 had a Master's degree which was 14.7% of the respondents. Further, there were 65 respondents with a bachelor's degree, representing 63.7%, 20 respondents representing 19.6% had a diploma and one respondent had a certificate, representing 1%. It was therefore established that more than 75% of respondents had a bachelor's degree. Senior, middle-level, and lower-level managers have a post-secondary education implying that they have the necessary technical skills for the work and they can give relevant information on the study variables.

Working Experience

Working experience for the respondents was critical for this study. This was in terms of how long someone had worked in their DTMFIs. Table 4.5 shows the working experience of the various categories.

Table 4.5: Working Experience

Length of Time Worked	Frequency	Percent
Less than one year	9	8.8
1-3 years	19	18.6
4-6 years	31	30.4
7-9 years	32	31.4
Above 10 years	11	10.8
Total	102	100.0

Source; (Field Data, 2023)

The data shows that there was a fair distribution of how long various managers had worked in their institutions. 8.8 % (9) had worked in their DTMFIs for under one year. 18.6% (19) had worked for between one and three years, while 30.4% (31) for four to six years. A higher proportion of the managers had worked for seven to nine years which was

31.4% (32). The last category was for those who had worked for more than 10 years which was 10.8% (11). The results, therefore, show that the managers had a significant working experience in their DTMFIs implying that staff retention was good within the DTMFIs in Nairobi County.

Descriptive Statistics

This segment discusses various descriptive statistics for situational challenges, adaptive leadership behaviour, adaptive work, and emotional intelligence on performance.

Situational Challenges

The respondents were requested to respond on various aspects of situational challenges which included the ability to respond to new trends in the market, the development of new products, the institution having a technical department, and the institution having policy guidelines on adapting to challenging times. The other aspects were whether the institution had adopted technical capabilities to operate in the dynamic environment and whether the institution had been affected by situational challenges. The results are represented in Table 4.6.

Table 4.6: Descriptive Statistics for Situational Challenges

Items	Mean	Std. Deviation
The firm is able to respond to new trends in the market	3.71	1.020
The firm has developed products that are responsive to the environment.	3.59	1.056
The institution has a technical department such as Information and Communication Technology to deal with technical issues.	3.58	1.038
The firm has policy guidelines on how to adapt to challenging times	3.58	.959

The institution has experienced adaptive challenges	3.49	.931
The firm has adopted technical capabilities to operate in a dynamic environment	3.35	1.087
The institution has been affected by technical challenges	3.21	.762
Aggregate Mean	**3.5000**	**.61888**

The study sought to find out various aspects of situational challenges. Table 4.6 shows the overall mean for the situational challenges was 3.5 (SD= 0.618). This outcome means that the various levels of managers agree that situational challenges were statistically significant in DTMFIs. Out of the various aspects of situational challenges, it was noted that most of the institutions responded to new trends in the market with a mean of 3.71 (SD=1.020). The responsiveness of the institutions to new products was rated at a mean of 3.59 (SD=1.056) while institutions having technical departments were rated at 3.58 (SD=1.038). The DTMFIs having policy guidelines on how to adapt to challenging times had a mean of 3.59 (SD=0.959). The institutions also experienced adaptive challenges, with a mean score of 3.49 (SD= 0.931), adopted technical capacities to operate in the dynamic environment at 3.35 (SD=1.087), and finally, the institutions were affected by technical challenges.

In general, therefore, the respondents indicated that situational challenges affected performance of DTMFIs to a great extent, with a mean of 3.5 and a standard deviation of 0.618. The findings were noted to be consistent with a study done by Chikalipah (2017) who noted there was evidence that a strong institutional environment predicted performance. Additionally, the findings are also consistent with those of Bakker and van Woerkom (2017) who found that organizational context predicts performance.

Adaptive Leadership Behaviour

This study also desired to establish the effect of adaptive leadership behaviour on the performance of DTMFIs in Nairobi County. Measurement of various aspects of adaptive leadership behaviour was done; the leaders' ability to motivate staff to meet institutional targets, leaders' portrayal of adaptive leadership behaviour, and the leaders' organization skills. Other aspects were the orientation of new staff in the organization, mobilization of staff to work in challenging times, the leaders' focus on others in the organization and not themselves, and the institution having a fair reward system. The descriptive statistics is shown in Table 4.7.

Table 4.7: Descriptive Statistics for Adaptive Leadership Behaviour

	Mean	**Std. Deviation**
Our leaders motivate us and others to achieve the institutional targets	3.72	.894
The leaders in our institution portray adaptive leadership behaviuor.	3.65	.766
The leadership organizes the employees to better respond to adaptive challenges within the institution	3.64	.942
The leaders in our institutions orient the employees to understand the organization and therefore be effective in performance.	3.60	.978
The leaders in our institution have been able to mobilize staff to work in a challenging environment	3.58	.861
The leadership in the institutions focuses attention on the employees and other key stakeholders and not themselves.	3.56	.929
The organization has a fair system of rewards for all staff	3.50	1.051
Aggregate Mean	**3.6050**	**.62324**

The results show that the respondents are motivated to achieve the institutional targets, with a mean score of 3.72 (SD=0.894). Similarly, managers in their institutions portrayed adaptive leadership behaviour, with a mean score of 3.65 (SD=0.766). Additionally, the leaders organize staff in the organization to better respond to adaptive challenges within the institution at a mean score of 3.64 (SD=0.942), employees are oriented at a mean score of 3.60 (SD=0.978), employees are mobilized to work in challenging times at a mean score of 3.58 (SD=0.861). The leaders also show less focus on themselves, thus focusing on other stakeholders with a mean score of 3.56 (SD=0.929). Finally, the respondents agree that their institutions have a fair reward system, with a mean score of 3.5 (SD=1.051).

The aggregate mean for adaptive leadership behaviour was 3.6 with a standard deviation of 0.623. The study, therefore, established that the leaders in the organization displayed adaptive leadership behaviour to a great extent. Whereas leaders' motivation of staff to meet organizational targets stood out, the respondents noted that their institutions' reward system had the least effect on performance.

The findings that adaptive leadership behaviour had affected performance of DTMFIs to a great extent are in agreement with a study by Carmeli et al. (2010) which concluded that innovative leadership, which is an aspect of adaptive leadership behaviour predicted performance. Further, the results agree with findings in a study carried out by Njue et al (2016) who concluded that leadership empowerment influenced the performance of MFIs. The current study focused on leadership empowerment as adaptive leadership behaviour, and concluded that there was statistical significance with the performance of DTMFIs in Nairobi County. Lastly, Lartey (2019) in a study concluded that the most dominant leadership styles in MFIs were transactional and transformational. It is however apparent that adaptive leadership behaviour points to the fact that other forms of leadership are practiced within the microfinance sector.

Adaptive Work

This section of the study focussed on various aspects of adaptive work within the DTMFIs in Nairobi County, Kenya. These included whether the institutions had the foresight and are focused on the future of the organization, whether the institution had a strategic plan, whether the institution had both short-term and long-term plans, whether the institution had a dashboard on organizational performance, and whether the staff in the institution understood the strategic plan. Additionally, the study sought to establish if DTMFIs conducted reviews on the DTMFIs' performance and if the institution had a research and development department. The respondents gave feedback based on a five-point scale with five showing a very great extent, and 1 showing no extent as displayed in Table 4.8.

Table 4.8: Descriptive Statistics for Adaptive Work.

	Mean	Std. Deviation
The leaders of the institution have the foresight and are focused on the future of the organization	3.97	.959
The institution has a strategic plan that paints the picture of its future aspirations	3.96	.855
The organization has both short-term and long-term plans.	3.92	1.002
The institution has a dashboard on organizational performance	3.68	.846
The employees in the organizations understand the aspirations of the organization as set out in the strategic plan.	3.60	1.007
Our institution conducts reviews on the performance of the firm.	3.56	.939
The firm has a research and development department that seeks information on the current trends to inform decision-making and strategy development	3.20	1.081
Aggregate Mean	**3.6975**	**.61480**

The results in Table 4.8 illustrate that the leaders in the DTMFIs had foresight and are focussed on the future of the organization at a mean score of 3.97 (SD= 0.959), the institutions have a strategic plan at a mean score of 3.96 (SD= 0.85), the organization has both short term and long-term plans at a mean score of 3.92 (SD= 1.002). Further, the various institutions have a dashboard on performance with a mean score of 3.68 (SD=0.846), the staff understands the strategic plan with a mean of 3.60 (SD=1.007), and the institution conducts reviews at a mean score of 3.56 (SD=0.939). Finally, the institution had a research and development department with a mean score of 3.20 (SD=1.081).

The results point to the fact that adaptive work affects performance to a great extent since the combined mean for adaptive work was 3.69 (SD=0.615). Most leaders in the DTMFIs had foresight, and this is articulated in the strategic plan, even though there is a lesser extent to which the staff understands the strategic plan. Further, research and development were the aspects with the least effect on the performance of the sampled DTMFIs.

The findings are consistent with a study done by Rarick et al (2013) which showed that cultural intelligence, as an aspect of adaptive leadership behaviour was a predictor of adaptive performance. Further, research done by Marques-Quinteiro et al. (2019) showed a statistical significance between self-leadership and performance.

Emotional Intelligence

The emotional intelligence aspect of the study focussed on various areas. These areas were staff relations with customers, relations among the staff, good social skills, staff motivation, self-regulation of leaders, and the institution undertaking self-awareness training for the staff. Others were policy guidelines on equipping leaders and employees with social skills and whether the leaders dealt with the workers empathetically. The respondents gave feedback based on a five-point scale, with one as the least and five as the greatest extent. The results are shown in Table 4.9.

Table 4.9: Descriptive Statistics for Emotional Intelligence

	Mean	Std. Deviation
Staff relate well with the customers.	4.19	.793
Staff relate well with their colleagues	4.03	.895
All employees exhibit good social skills	3.69	.783
Staff are self-motivated in performing their duties	3.63	1.033
Self-regulation is practiced by the leadership of the institution	3.55	1.001
The institution undertakes self-awareness training for all its staff	3.53	1.022
There are policy guidelines on equipping leaders and employees with social skills	3.48	.909
The leaders deal with the employees with empathy	3.47	.792
Aggregate Mean	**3.6949**	**.54573**

From Table 4.9, staff relations with the customers had a mean of 4.19 (SD= 0.793), while relations amongst staff had a mean of 4.03 (SD= 0.895). This means that the two aspects affected performance of the DTMFIs to a very great extent. Employees exhibited good social skills with a mean of 3.69 (SD=0.783), the employees were self-motivated at a mean of 3.63 (SD=1.033) and the leaders practiced self-regulation to a great extent with a mean of 3.55 (SD= 1.022). The results also show that the institutions undertook self-awareness training for its staff to a great extent, with a mean score of 3.53 (SD=1.022) which may have been achieved through the policy guidelines on training the employees with social skills which had a mean score of 3.48 (SD= 0.909). It was also noted that the leaders dealt with the employees with empathy to a great extent, with a mean score of 3.47 (SD=0.792).

The aggregated results for emotional intelligence had a mean score of 3.69 (SD=0.545), showing that emotional intelligence affected the performance of DTMFIs to a great extent. The results show that staff have good social skills, and relate to a very great extent with the customers and which each other. The findings concur with a study done by Uchenna et al. (2019) that concluded that emotional intelligence directly and significantly affected the job performance of frontline employees in Microfinance banks in Nigeria. Additionally, the findings are in concurrence with those done by Briones (2020) who concluded that high-potential leaders in the Microfinance sector had values and emotional intelligence that helped them to attain desired results. This also confirms the study conducted by Wangari and Macharia (2019) which determined that emotional intelligence had a significant influence on organizational performance among insurance companies.

Performance of Deposit-Taking Microfinance Institutions

The final aspect dealt with performance. The managers were requested to indicate the trend in performance in light of various aspects. These were the overall performance of the institution, uptake of new technology, use of new technology to sign new customers, the overall amount in deposits, staff satisfaction with their work, number of customers, amount in terms of deposits, and staff retention. The scale of measurement was from 1-5 with 1 having no improvement, and 5 very significant improvement. The results are shown in Table 4.10.

Table 4.10: Descriptive Statistics for Performance

	Mean	**Std. Deviation**
Overall performance of your institution	3.92	.886
Uptake of new technology	3.63	.933
Use of new technology to sign up more customers	3.58	.838
Overall amount in deposits	3.53	.853

Staff satisfaction with their work	3.48	1.041
Number of customers	3.48	.728
Amount in terms of deposits per customer	3.41	.968
Staff retention	3.35	1.224
Aggregate Mean	**3.5478**	**.64870**

Table 4.10 shows that performance improved to a great extent, with a mean score of 3.92 (SD=0.886). There was also uptake of new technology at a mean score of 3.63 (SD=0.933). Besides the uptake of new technology, the new technology was used to sign up customers at a mean score of 3.58 (SD=0.838). The overall amount in deposits showed improvement to a great extent with a mean score of 3.53 (SD=0.853) while staff satisfaction was at a mean score of 3.48 (SD=1.041). Additionally, the number of customers improved to a great extent, with a mean score of 3.48 (SD=0.728). Amount in terms of deposits per customer also improved with a score of 3.41 (SD=0.968). Staff retention, though improved to a great extent with a mean score of 3.35(SD=1.224), was the least improved in the various aspects that were measured regarding performance.

Diagnostic Tests

Diagnostic tests are carried out in any study work to confirm that the right regression analysis is done by having the various assumptions within the set criteria. Various diagnostic tests were conducted including normal distribution of data, linearity, multicollinearity, and heteroscedasticity.

Normal distribution of data

Data distribution is important in any study since it affects how the analysis is done. It therefore follows that before analysis is done, data needs to be checked to confirm that it is normally distributed (Hair, 2010).

Table 4.11: Skewness and Kurtosis

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Situational Challenges	102	-.240	.239	1.459	.474
Adaptive Behaviour	102	.223	.239	.072	.474
Adaptive Work	102	.100	.239	-.189	.474
Emotional Intelligence	102	.424	.239	-.324	.474
Performance	102	.146	.239	-.677	.474
Average	**102**	**0.1306**	**0.239**	**0.0682**	**0.474**

Source: Field Data (2023)

Table 4.11 shows the average skewness is 0.1306, with a standard error of 0.239, and Kurtosis is 0.0682 with a standard error of 0.474. The data was accepted as normally distributed since the Skewness and Kurtosis values were within the established range of ±3 (Kothari, 2004).

Linearity Test

Linearity is the degree to which changes in depended variable and independent variables are related (Saunders et al., 2009). Linearity was tested by considering a significance of 0.05 in F-statistics by comparing the means of the individual variables. Linearity was assumed if $p<0.05$ and the deviation from linearity was not significant, that is significance greater than 0.05. Linearity results for situational challenges, adaptive leadership behaviour, adaptive work, and emotional challenge were conducted and are shown in Table 4.12.

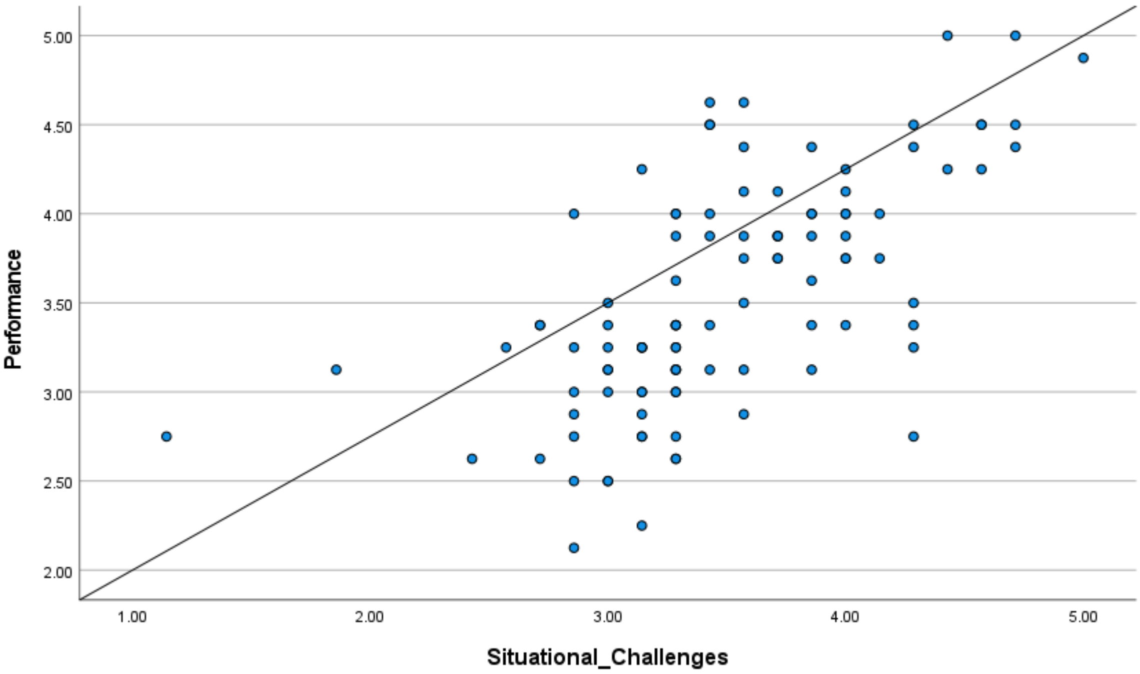
Table 4.12: Linearity Test

			Sum of Squares	df	F	Sig.
Performance * Situational Challenges	Between Groups	(Combined)	24.568	19	5.912	.000
		Linearity	17.656	1	80.729	.000
		Deviation from Linearity	6.912	18	1.756	.046
Performance * Adaptive Leadership Behaviour	Between Groups	(Combined)	19.759	18	4.006	.000
		Linearity	15.745	1	57.465	.000
		Deviation from Linearity	4.014	17	.862	.619
Performance * Adaptive Work	Between Groups	(Combined)	17.198	19	2.933	.000
		Linearity	13.634	1	44.183	.000
		Deviation from Linearity	3.564	18	.642	.856
Performance * Emotional Intelligence	Between Groups	(Combined)	19.001	19	3.489	.000
		Linearity	14.125	1	49.285	.000
		Deviation from Linearity	4.876	18	.945	.529

Source: Field Data (2023)

The linearity results presented in Table 4.12 show that situational challenges had p=0.000<0.05 and a linearity deviation of 0.046. Whereas linearity was significant, deviation from linearity was less than 0.05 (0.046) and therefore another check was done using a scatter plot, which confirmed that the relationship between performance and situational challenges was linear.

Figure 4.1: Scatter Plot for Performance and Situational Challenges



Source: Field Data (2023)

The linearity of the other variables with performance was tested and confirmed as displayed in Table 4.12. Adaptive leadership behaviour had a significance of 0.000 and deviation from linearity of 0.619, adaptive work had a significance of 0.000 and deviation of linearity of 0.856. Finally, emotional intelligence had a significance of 0.000 and a deviation from linearity of 0.529. The significance of deviation from linearity for the three variables was confirmed to be greater than the significance of 0.05 and therefore insignificant, hence a linear relationship. The linearity assumption was therefore confirmed for situational challenges, adaptive leadership behaviour, adaptive work, and emotional intelligence.

Multicollinearity Test

Multicollinearity is the extent to which the variables under study relate to each other. A higher correlation can lead to distortion of the regression model (Daoud, 2017). A multicollinearity test was undertaken to establish how the dependent and independent variables were related. Variable Inflation Factor (VIF) as discussed by Hadi and Chatterjee (2013) was used. For this study, a VIF of less than 5 was considered.

Table 4.13: Multicollinearity Test

	Collinearity Statistics	
	Tolerance	VIF
Situational Challenges	.490	2.041
Adaptive Leadership Behaviour	.464	2.154
Adaptive Work	.378	2.648
Emotional Intelligence	.468	2.139
Mean	.450	2.246

Source: Field Data (2023)

Table 4.13 shows the various VIF values for the independent variables. Situational challenges were at 2.041, adaptive behaviour at 2.154, adaptive work at 2.648, and emotional intelligence at 2.139. All these are less than 5 and therefore there is no severe multicollinearity in this model.

Heteroscedasticity

Heteroscedasticity refers to the unequal variances between the independent and dependent variables (Aslam, 2014). Heteroscedasticity occurs when there is a significant range between the largest and smallest sets of observable data. The presence of heteroscedasticity introduces the challenge of the inconsistent and biased covariance matrix for the variables.

The heteroscedasticity diagnostic test was done by setting the null hypothesis such that when $p \leq 0.05$, the null hypotheses would be excluded, meaning the presence of heteroscedasticity, and when $p \geq 0.05$, the null hypotheses would be adopted with no heteroscedasticity. Further, this was computed by the use of residual values and their squares as per Breusch-Pagan statistic.

Table 4.14: Heteroscedasticity Test Using Sum of Squares

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.571	4	.143	1.303	.274[b]
	Residual	10.615	97	.109		
	Total	11.186	101			

Source: Field Data (2023)

Table 4.14 illustrates the regression of residuals on the predictors with a significance of 0.274 which is greater than 0.05. With $p \geq 0.05$, the null hypothesis was accepted, hence no heteroscedasticity.

Inferential Analysis

Correlation Analysis

Correlation analysis is a significant component of any study since this is what shows the relationships between the variables under study (Assarroudi et al., 2018). The relationship can be positive or negative. This study used Person correlation and adopted the thresholds as discussed by Saunders et al (2009) where a perfect relationship is shown by ±1, a strong relationship by ±0.5 and above, a moderate relationship between ±0.30 and ±0.49 and a weak relationship is represented by ±0.29 and below. The correlation between the independent and dependent variables was done as displayed in Table 4.15.

Table 4.15: Correlation Analysis

		Situational Challenges	Adaptive Leadership Behaviour	Adaptive Work	Emotional Intelligence	Performance
Situational Challenges	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	102				
Adaptive Leadership Behaviour	Pearson Correlation	.556**	1			
	Sig. (2-tailed)	.000				
	N	102	102			
Adaptive Work	Pearson Correlation	.692**	.668**	1		
	Sig. (2-tailed)	.000	.000			
	N	102	102	102		
Emotional Intelligence	Pearson Correlation	.577**	.659**	.655**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	102	102	102	102	
Performance	Pearson Correlation	.645**	.609**	.566**	.576**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	102	102	102	102	102

**. Correlation is significant at the 0.01 level (2-tailed).

The table shows the Pearson correlation coefficient for the various variables.

Source: Field Data (2023)

According to Table 4.14, the correlation between performance and situational challenges is 0.645, showing a strong positive relationship. This is in concurrence with the findings of Chikalipah (2017) which displayed a strong connection between institutional environment and performance. A strong and positive correlation was also observed between performance and adaptive leadership behaviour (r= 0.609). These findings are similar to those by Lartey (2019) which confirmed the existence of a strong correlation between leadership styles and performance.

Correlation between performance and adaptive work was a positive and strong correlation (r=0.566). This is consistent with the results from research carried out by Marques-Quinteiro et al. (2019) that showed a strong correlation between performance and self-leadership in times of crisis.

Performance and emotional intelligence (r=0.576) had a strong and positive relationship. This finding is in support of another finding by Uchenna et al. (2019) which established a strong and positive connection between emotional intelligence and performance.

Test of Hypotheses

The study on adaptive leadership and performance of DTMFIs in Nairobi County had one general hypothesis and four specific hypotheses. These were;

$H_0$1: Adaptive Leadership has no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

$H_0$2: Situational challenges have no statically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

H0 3: Adaptive leadership behavior has no statically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

H0 4: Adaptive work has no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

H0 5: Emotional intelligence has no statistically significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County.

Test of Hypothesis One

The study sought to investigate the effect of adaptive leadership on the performance of DTMFIs in Nairobi County. This was through testing a null hypothesis that adaptive leadership has no statistically significant effect on the performance of DTMFIs in Nairobi County. To do this, a multiple regression analysis was performed. Table 4.16 shows the regression model

Table 4.16: Model Summary linking Adaptive Leadership to performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721[a]	.520	.500	.45878

Source: Field Data (2023)

Table 4.16 shows the summary regression model with R=0.721, showing the existence of a strong positive correlation between adaptive leadership and performance of DTMFIs in Nairobi County. R Square (R^2) was 0.520, indicating that adaptive leadership was able to predict a 52% variation in the performance of DTMFIs in Nairobi County. This can also be interpreted to mean that 48% of the change in the performance of these institutions is accounted for by factors other than adaptive leadership. The adjusted R square (R^2)=0.500 showed a moderate predictive power of performance by adaptive leadership.

ANOVA was done to determine the significance of the regression model as shown in Table 4.17.

Table 4.17: ANOVA Linking Adaptive Leadership to Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.085	4	5.521	26.232	.000[b]
	Residual	20.416	97	.210		
	Total	42.501	101			

Source: Field Data (2023)

Table 4.17 shows an F-statistic of 26.232 for the overall model linking adaptive leadership and performance. It was established that F-statistic of 26.232> F critical (4,97=2.47), hence the model was found fit to predict performance. The p-value for the study was p=0.000<0.05. The model was therefore found to be suitable for predicting the dependent variable.

Besides ANOVA, an analysis of coefficients was also carried out as presented in Table 4.18.

Table 4.18: Table of Regression Coefficients for adaptive leadership on performance

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.328	.334		.983	.328
	Situational Challenges	.414	.105	.395	3.927	.000
	Adaptive Leadership Behaviour	.295	.108	.283	2.742	.007
	Adaptive Work	-.004	.121	-.004	-.033	.974
	Emotional Intelligence	.196	.122	.165	1.601	.113

Source: Field Data (2023)

From Table 4.18, the results were summarized in a regression equation as indicated.

$$P = 0.328 + 0.395SC + 0.283AB - 0.004AW + 0.165EI + \varepsilon$$

The regression model shows that holding all adaptive leadership (situational challenges, adaptive leadership behaviour, adaptive work, and emotional intelligence) variables constant, performance would be 0.328. The standardized beta coefficients for the independent variables were 0.395 for situational challenges, 0.283 for adaptive leadership behaviour, -0.004 for adaptive work, and 0.165 for emotional intelligence. The findings show that when other aspects are held constant, a unit rise in situational challenges will result in 0.395 performance in DTMFIs in Nairobi County. Further, a unit increase in adaptive leadership behaviour will increase performance by 0.283 if other factors do not vary. Conversely, a unit increase in emotional adaptive work would reduce performance by -0.004 if other factors do not change. Finally, when all factors are not altered, a unit rise in emotional intelligence results in a 0.165 rise in the performance of DTMFIs in Nairobi County.

The results disclosed that situational challenges exerted the greatest effect on the performance of DTMFIs in Nairobi County (β=0.395). This was followed by adaptive leadership behaviour (β=0.283), and then emotional intelligence (β=0.165). Adaptive work had the least effect on the performance of DTMFIs (β=-0.004).

The study findings also illustrated that situational challenges ($p=0.000<0.05$) and adaptive leadership behaviour ($p=0.007<0.05$) were significant. However, adaptive work ($p=0.974>0.05$) and emotional intelligence ($p=0.113>0.05$) were not significant.

The model having been found fit to predict performance in DTMFIs in Nairobi County, rejected the null hypothesis that adaptive Leadership has no statistically significant effect on the performance of DTMFIs in Nairobi County. The study therefore concluded that adaptive leadership has a statistically significant effect on the performance of DTMFIs in Nairobi County.

The findings are described in terms of other factors such as the demographics of the respondents, previous studies and the key theories on which the study was based. In terms of demographics, it is notable that most of the respondents (72%) had worked with their respective DTMFIs for at least 4 years. This was sufficient time for them to settle in, and understand whether the DTMFIs had the various aspects of adaptive leadership. Further, 78% had at least a bachelor's degree, masters degree, or PHD, with 63.7% of these having a bachelor's. This means that the respondents had a clear understanding of their role, and whether their institutions were practicing adaptive leadership. Additionally, the fact that all the respondents were in management even though at different levels suggests that they may have a clear understanding of technical or adaptive challenges that face their institutions.

On descriptive statistics, a greater number of respondents agreed that there was a focus on adaptive work (mean=3.69) with most leaders having the foresight and a focus on the future of the institutions. Similarly, emotional intelligence (mean=3.69) was a point of emphasis, with leaders ensuring greater focus on the relationship with customers. This was followed by adaptive leadership behaviour (mean=3.60) and situational challenges (mean=3.50). All the adaptive leadership variables were given focus to a great extent within the leadership of DTMFIs, hence having a significant effect on performance of DTMFIs in Nairobi County.

Adaptive leadership theory was the key theory for the study as postulated by Heifetz et al. (2009b). The theory concerns itself with how leaders can mobilize people to work in tough challenges and thrive. It is based on the biological theory of evolution, where for a species to survive, it has to preserve core aspects of its survival, but also discard some aspects that it no longer needs in the new dispensation. An adaptive leader has to therefore develop key competencies that will help them glide into new dispensation with ease, while at the same time ensuring that they are not moving ahead on their own. These findings are therefore in agreement with the core of the adaptive leadership theory, which is to mobilize people to thrive in tough circumstances.

The findings concur with those by Wamburu et al.(2023) which confirmed a strong and positive association between adaptive leadership and performance. Further, the results concur with the findings by Chughtai et al. (2023). The study established that in a learning organization, adaptive leadership was a stronger moderator for organizational innovations.

Test of Hypothesis Two

The research sought to determine the effect of situational challenges on the performance of DTMFIs in Nairobi County. A null hypothesis that situational challenges has no significant effect on the performance of DTMFIs in Nairobi County was tested. This was done through a simple linear regression as presented in Table 4.19.

Table 4.19: Model summary linking situational challenges and performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645[a]	.415	.410	.49846

Source: Field Data (2023)

The correlation coefficient was 0.645 signifying this was a strong positive association between situational challenges and performance of DTMFIs in Nairobi County. Further, R Square value (R^2) was 0.415. This showed that situational challenges predicted 41.5% of performance in DTMFIs in Nairobi County, implying that 58.5% of the performance of DTMFIs was accounted for by factors other than situational challenges. The adjusted R Square value (R^2) was 0.410 showing that the predictive power of situational challenges on performance was moderate.

ANOVA was done to establish the significance of the model. This is displayed in Table 4.20.

Table 4.20: ANOVA linking situational challenges and performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.656	1	17.656	71.061	.000[b]
	Residual	24.846	100	.248		
	Total	42.501	101			

Source: Field Data (2023)

The F-statistic was 71.061 which is higher than F-critical (1,100=3.94). This points to the fact that the model was significant in predicting performance. Further, significance was 0.000 which was less than 0.05, concluding that the model was suitable for predicting performance in DTMFIs in Nairobi County.

The significance of β coefficients for situational challenges was determined by conducting a t-test whose outcome is set out in Table 4.21.

Table 4.21: Regression coefficients for situational challenges

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.183	.285		4.155	.000
	Situational Challenges	.676	.080	.645	8.430	.000

Source: Field Data (2023)

The simple linear regression in Table 4.21 was summarized in the equation;

$$P = 1.183 + 0.645SC + \varepsilon$$

The results show that if all other factors are held constant at zero, the performance of DTMFIs in Nairobi County would to 1.183. The results further portray a standardized coefficient of 0.645 for situational challenges. This shows that all factors held constant, a unit variation in situational challenges will cause a variation of 64.5% in performance. Moreover, the study showed that the significant level of situational challenges was 0.000 which is less than 0.05, confirming that that the variable was significant. The null hypothesis that situational challenges has no significant effect on the performance of DTMFIs in Nairobi County was rejected and determined that situational challenges had a significant positive effect on the performance of DTMFIs in Nairobi County. Identical results were obtained when situational challenges as a variable was regressed together with other independent variables of adaptive leadership behaviour, adaptive work, and emotional intelligence.

The results were described based on the demographic features of the informants. 72.6% had more than four years working experience. This implies that they were in a position to understand the various situational challenges that they or their organizations may have experienced. These challenges would either be technical challenges or adaptive challenges and their likely effect on the performance of their institutions. Further, 79.4%

had their minimum level of education as a bachelor's degree, meaning that most of them may have had the technical skills required to deal with the technical challenges experienced in their institutions. With this understanding, they would be able to also be able to identify the adaptive challenges.

The descriptive results showed that the respondents agreed to a great extent that situational challenges had a significant effect on the performance of DTMFIs in Nairobi County with a mean score of 3.500. Out of the various aspects measured, the institutions ably responded to the new trends in the market (mean=3.71) while technical challenges affected the institutions the least (mean=3.21). This meant the firms had been responsive to the new trends in the market and had addressed most of the technical challenges that would affect their institutions. The results also reinforced the supposition of the study that the situational challenges affecting institutions are either technical or adaptive.

The results also affirm other aspects of the study that the leader is meant to offer a sense of stability in times of crisis and tough challenges. In the process of dealing with the challenges, there is a need for continued interaction between the leaders and those that they lead. This will lead to organizational justice, adaptive leadership behaviour, and the development of the leaders (DeRue, 2011).

The findings also relate to previous studies conducted on performance. Chikalipah (2017) found a strong correlation between institutional environment and the performance of MFIs in Sub-Saharan Africa. Further, the findings are also consistent with those done by Alabduljader (2022) which displayed a moderate relationship between situational leadership and performance.

Test of Hypothesis Three

The null hypothesis that adaptive leadership behavior has no statistically significant effect on the performance of DTMFIs in Nairobi County was tested. A simple linear regression model was done, and the results are presented in Table 4.22. This was the second independent variable and it measured several aspects including the leaders' ability to motivate other leaders and those that they lead, the leaders' ability to mobilize the staff, and having a fair reward system for the staff.

Table 4.22: Summary model linking adaptive leadership behaviour to performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609[a]	.370	.364	.51726

Source: Field Data (2023)

Table 4.22 shows (R=0.609) which indicates a strong positive correlation between adaptive leadership behaviour and performance of DTMFIs in Nairobi County. The R square (R^2) is 0.370 illustrating that 37% of all variance in the performance of DTMFIs was explained by adaptive leadership behaviour. 63% of the variance in the performance of DTMFIs was predicted by other factors other than adaptive leadership behaviour. The adjusted R square (R^2) was 0.364, showing a moderate predictive power of performance by adaptive leadership behaviour.

ANOVA was done to determine the significance of the model in predicting performance in DTMFIs in Nairobi County as presented in Table 4.23.

Table 4.23: ANOVA for adaptive leadership behaviour on performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	15.745	1	15.745	58.848	.000[b]
	Residual	26.756	100	.268		
	Total	42.501	101			

Source: Field Data (2023)

Table 4.23 shows p=0.000<0.05.05 confirming that the model is significant in predicting performance of DTMFIs in Nairobi County. An analysis of F-statistic revealed that the F-statistic was 58.848> F-critical (1,100=3.94). The model was further confirmed as fit to predict performance in DTMFIs in Nairobi County.

Further, the study sought to establish if the β coefficient for adaptive leadership behaviour was significant. A t-test was done and the results are presented in Table 4.24.

Table 4.24: Regression coefficients for adaptive leadership behaviour

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
		B	Std. Error	Beta		
1	(Constant)	1.264	.302		4.184	.000
	Adaptive Leadership Behaviour	.634	.083	.609	7.671	.000

Source: Field Data (2023)

The regression model was summarized as follows.

$$P = 1.264 + 0.609\text{AB} + \varepsilon$$

The model had a constant of 1.264 implying that will all factors held constant, the performance of DTMFIs in Nairobi County would be 1.264. The standardized β coefficient for adaptive leadership behaviour was 0.609. This supposes that with all other factors constant, a unit increase in adaptive leadership behaviour will result in 0.609 in the performance of DTMFIs in Nairobi County. Adaptive leadership behaviour had a p-value ($p= 0.000<0.05$), hence the model was significant. The null hypothesis that adaptive leadership behaviour has no effect on the performance of DTMFIs in Nairobi County was rejected. This therefore affirmed that adaptive leadership behaviour has a significant effect on the performance of DTMFIs in Nairobi County. Identical findings were found when adaptive leadership behaviour was regressed together with other independent variables of adaptive situational challenges, adaptive work, and emotional intelligence.

The results were explained based on demographic aspects of the respondents that indicated that a majority of them had stayed in their institutions for at least four years (72.6%). This points to the fact that within this period, they had gotten an opportunity to either experience or portray adaptive leadership behaviour. A further 42.2% had worked in the same organizations for 7 years or more, indicating that they had in one way or another had to adapt to the changing environment through learning as discussed by Dixon (2017). Additionally, lower-level management had a majority (51%) of the respondents, hence they would expect those in the middle and senior management level to portray adaptive leadership behaviour.

The concurred with the descriptive results where the respondents specified that adaptive leadership behaviour influenced the performance of DTMFIs in Nairobi County to a great extent with a mean of 3.61. This implies that leaders in these institutions motivate their staff, they orient the new staff so that they are aware of what is expected of them and they also practice organizational justice by having a fair reward system in place.

Adaptive leadership theory was the main theory for the studies. Other theories were emotional intelligence and organization learning theory, which expects a leader to develop key characteristics to steer the organization to greater heights in challenging times. The results affirm some of the postulates in these theories. Adaptive leadership behaviour requires leaders to adapt to change through learning (Dallas, 2015). Further, adaptation has to do with keeping what you cannot do without, discarding what you no longer need and acquiring what you need in the new dispensation. This is through learning that leads to behaviour change (Laudon & Laudon, 2017).

The results are also in concurrence with those of Njue et al (2016) who established that leadership empowerment influenced the performance of MFIs in Kenya. The results are also in agreement with another study carried out by Walela and Okwemba (2015) where it was established that a strong and positive relationship existed between leadership behaviour and the performance of MFIs in Kakamega County.

Test of Hypothesis Four

Adaptive work was the third independent variable. This sought to evaluate the effect of adaptive work on performance of DTMFIs in Nairobi County, Kenya. Adaptive work has no significant effect on the performance of DTMFIs in Nairobi County was used as the null hypothesis. This objective had to do with organizational citizenship, the staff having plugged into the organization therefore doing the adaptive work. The hypothesis was tested through a simple linear regression analysis. The results are shown in Table 4.25.

Table 4.25: Summary model linking adaptive work and performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.321	.314	.53728

Source: Field Data (2023)

Table 4.25 shows R=0.566 signifying a strong positive correlation between adaptive work and performance of DTMFIs in Nairobi County. Further, it was observed that R square (R^2) was 0.321, demonstrating that 32.1% of all changes in performance were attributed to adaptive work. This means that 67.9% of the variation in performance was explained by other factors other than adaptive work. The adjusted (R^2) was 0.314, showing that adaptive work had moderate predictive power on performance of DTMFIs in Nairobi County.

ANOVA was conducted to confirm the suitability of the model predicting performance and the results are indicated in Table 4.26.

Table 4.26: ANOVA for adaptive work

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.634	1	13.634	47.230	.000[b]
	Residual	28.867	100	.289		
	Total	42.501	101			

Source: Field Data (2023)

Table 4.26 shows that the F-statistic was 47.230>F-critical (1,100=3.94). The model was considered fit to predict performance in DTMFIs. Further testing for significance using p-value was done which showed p=0.000, which was lower than the significant value of 0.05. The model was therefore considered appropriate to predict performance in DTMFIs in Nairobi County.

A t-test was done to determine the significance of the β coefficient of adaptive work. The results are displayed in Table 4.27 as shown.

Table 4.27: Regression coefficients for adaptive work

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.338	.326		4.106	.000
	Adaptive Work	.598	.087	.566	6.872	.000

a. Dependent Variable: Performance

Source: Field Data (2023)

The results were summarized in a regression equation indicated.

$$P = 1.338 + 0.566AW + \varepsilon$$

The results show that with all other factors constant, the performance of DTMFIs in Nairobi County would be 1.338. The outcome further showed that the β coefficient for adaptive work was 0.566 supposing that when other aspects do not change, a unit change in adaptive work would result in a change of 0.566 in the performance of DTMFIs in Nairobi County. Additionally, the findings showed that the p-value for adaptive work was $p=0.000<0.05$ which showed that the variable was significant. The null hypothesis that adaptive work has no significant effect on the performance of DTMFIs in Nairobi County was rejected. The study thus concluded that adaptive work has a significant effect on the performance of DTMFIs in Nairobi County.

Similar significant findings were noted when adaptive work was individually regressed against other independent variables namely, situational challenges, adaptive leadership behaviour, and emotional intelligence. The results are displayed in Table 4.28.

Table 4.28: Regression model linking adaptive work and situational challenges, adaptive leadership behaviour, and emotional intelligence

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.924	.272		3.394	.001
	Adaptive Work	.697	.073	.692	9.585	.000
a. Dependent Variable: Situational Challenges						
1	(Constant)	1.103	.283		3.899	.000
	Adaptive Work	.677	.075	.668	8.965	.000
a. Dependent Variable: Adaptive Behaviour						
1	(Constant)	1.544	.251		6.144	.000
	Adaptive Work	.582	.067	.655	8.677	.000

a. Dependent Variable: Emotional Intelligence

Source: Field Data (2023)

Table 4.28 displays the linear regression results for adaptive work together with situational challenges, adaptive leadership behaviour, and emotional intelligence. All the results show a positive beta coefficient with a significance of 0.000 for each of them. This therefore shows that adaptive work had a significant relationship with situational challenges, adaptive leadership behaviour and emotional intelligence.

These results were elaborated based on demographic results which indicated that most (72.6%) of the respondents had at least four years of working experience. This means that they had already encountered adaptive work in one way or another since they had to adjust to their work environment over some time. Additionally, most of the managers (64.2%) had worked for 7 years or more, implying a significant rate of adaptability.

Descriptive analysis of this variable revealed that those who responded agreed to a great extent (mean=3.70) that adaptive work had a significant effect on the performance of DTMFIs in Nairobi County. Notably, most of the respondents agreed to a great extent that their leaders had foresight and planned well for the future, avoiding unnecessary surprises. The research findings also supported the various theories that supported the study. The

Balanced Score Card, as proposed by David Norton (Chavan, 2009) is critical to organizations since it helps organizations have a balanced view of their operations, looking at both internal and external factors. A key aspect of adaptive work is the need for foresight through strategic planning, something that was evident in the study. Eventually, adaptive work has to do with how the leader can balance both the inward and outward aspects of the organization for its success (Hasan & Tai Mei, 2017).

The results were in agreement with a study done by Marques-Quinteiro et al. (2019) where it was observed that change in the level of leadership was positively related to adaptive performance and job satisfaction over some time.

Test of Hypothesis Five

The fifth and final variable in the study was emotional intelligence. The objective was to examine the effect of emotional intelligence on the performance of DTMFIs in Nairobi County. For this study, a null hypothesis of emotional intelligence having no significant effect on the performance of DTMFIs in Nairobi County was adopted. The results for the regression model are presented in Table 4.29.

Table 4.29: Model summary linking emotional intelligence to performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576[a]	.332	.326	.53270

Source: Field Data (2023)

Table 4.29, shows that R was 0.576 showing that there was a strong positive correlation between emotional intelligence and the performance of DTMFIs in Nairobi County. R square (R^2) was noted to be 0.332. This was interpreted to mean that 33.2% of variation in performance of DTMFIs in Nairobi County was explained by emotional intelligence. The result also indicated that 66.8% of variation in the performance of DTMFIs in Nairobi County was accounted for by factors other than emotional intelligence. Adjusted R square (R^2) was 0.326 showing emotional intelligence had moderate predictive power on performance of DTMFIs in Nairobi County.

To confirm the fitness of the model in predicting performance, ANOVA was conducted and the results are displayed in Table 4.30.

Table 4.30: ANOVA for emotional intelligence

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.125	1	14.125	49.776	.000[b]
	Residual	28.377	100	.284		
	Total	42.501	101			

Source: Field Data (2023)

From Table 4.30, the F-statistic is 49.776> F-critical (1,100=3.94). This means that based on F-statistics, the model is fit for regression and can predict the performance of DTMFIs in Nairobi County. Additionally, the model's fitness for predicting performance was determined to be significant based on p-value ($p=0.000<0.05$).

Another test that was carried out was a t-test to determine the significance of the β coefficient of emotional intelligence. The summary of the coefficients is in Table 4.31.

Table 4.31: Regression coefficients for emotional intelligence

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.016	.363		2.801	.006
	Emotional Intelligence	.685	.097	.576	7.055	.000

Source: Field Data (2023)

The results from Table 4.32 are presented in the regression equation as follows.

$$P = 1.016 + 0.576EI + \varepsilon$$

The results from the regression equation show that with all factors constant at zero, the performance of DTMFIs would be at 1.016. The findings further show that the standardized β coefficient for emotional intelligence was 0.576. This suggests that with all factors held constant, a unit increase in emotional intelligence would lead to a 0.576 change in the performance of DTMFIs in Nairobi County. Additionally, the p-value for emotional intelligence was $P=0.000<0.05$. The null hypothesis for the study that emotional intelligence has no significant effect on the performance of DTMFIs in Nairobi County was rejected. It was therefore concluded that emotional intelligence has a significant effect on the performance of DTMFIs in Nairobi County.

Simple linear regression was performed on the independent variable of emotional intelligence together with other independent variables namely, situational challenges, adaptive leadership behaviour, and adaptive work. The results are presented in Table 4.32.

Table 4.32: Regression for coefficients for emotional intelligence together with situational challenges, adaptive leadership behaviour, and adaptive work

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.915	.256		7.480	.000
	Situational Challenges	.508	.072	.577	7.058	.000

a. Dependent Variable: Emotional Intelligence

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.615	.241		6.702	.000
	Adaptive Behaviour	.577	.066	.659	8.760	.000

a. Dependent Variable: Emotional Intelligence

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.544	.251		6.144	.000
	Adaptive Work	.582	.067	.655	8.677	.000

a. Dependent Variable: Emotional Intelligence

From Table 4.32, the beta coefficients for simple linear regression are 0.577 for situational challenges, 0.659 for adaptive leadership behaviour and 0.655 for adaptive work. All these are positive, and all have a significance of 0.000. This shows that emotional intelligence and situational challenges, adaptive leadership behaviour, and adaptive work have a significant and linear relationship. These results are similar when emotional intelligence was regressed together with performance.

The results were explained based on the demographic features. This showed that nearly three-quarters (72.6%) had worked in their respective institutions for more than four years. This means that the respondents had time to understand themselves, their colleagues as well as the needs of their customers, and therefore able to demonstrate a sense of maturity in their work engagements. Further, most of the senior managers had worked with their institutions for more than seven years compared to the other cadres of management.

This points towards growth in emotional intelligence since senior management deals more with people than other levels of management.

Descriptive results showed that the respondents opine that emotional intelligence affects the performance of DTMFIs in Nairobi County to a great extent (mean=3.69). Key among the aspects of this variable is that staff relate well with customers. Further, the organizations have put in place training regimes that deal with a number of issues including how to develop social skills to deal with their colleagues and the staff.

The findings further supported the various tenets of adaptive leadership. Emotional intelligence, a critical component of adaptive leadership during times of crisis helps the leaders and their followers surmount greater challenges because they understand how to respond to the needs, sometimes under the most difficult of circumstances (Yukl & Mahsud, 2010). The emotional intelligence theory points to multiple capabilities including empathy, motivation, persistence, and social skills (Cabello & Fernández-Berrocal, 2015).

The results were also consistent with previous studies. For instance, Lumen and Lumen (2010) established that there was a positive relationship between emotional intelligence and performance. Additionally, Uchenna et al. (2019) found that there was a direct and significant relationship between emotional intelligence and performance. The aspects of emotional intelligence that were examined included empathy, the ability to socialize, the ability to regulate self and self-motivation.

Test of Hypotheses Summary

The summary of the hypotheses tests and the final decision are presented in Table 4.33.

Table 4.33: Summary of test of hypotheses

Hypothesis	Key finding	Decision	Conclusion
$H_0 1$: Adaptive Leadership has no significant effect on the performance of DTMFIs in Nairobi County.	$p < 0.05$	Reject hypothesis $H_0 1$	Adaptive leadership has a significant effect on the performance of DTMFIs in Nairobi County.
$H_0 2$: Situational challenges have no significant effect on the performance of DTMFIs in Nairobi County.	$p < 0.05$	Reject hypothesis $H_0 2$	Situational challenges have a significant effect on the performance of DTMFIs in Nairobi County.
$H_0 3$: Adaptive leadership behavior has no significant effect on the performance of DTMFIs in Nairobi County.	$p < 0.05$	Reject hypothesis $H_0 3$	Adaptive leadership behavior has a significant effect on the performance of DTMFIs in Nairobi County.
$H_0 4$: Adaptive work has no significant effect on the performance of DTMFIs in Nairobi County.	$p < 0.05$	Reject hypothesis $H_0 4$	Adaptive work has a significant effect on the performance of DTMFIs in Nairobi County.
$H_0 5$: Emotional intelligence has no significant effect on the performance of DTMFIs in Nairobi County.	$p < 0.05$	Reject hypothesis $H_0 5$	Emotional intelligence has a significant effect on the performance of DTMFIs in Nairobi County.

Analysis of Qualitative Data

Besides quantitative data, qualitative data was also sought for the study. Each variable had a set of closed questions, with one open-ended question. The questions were designed to give additional information for the study. Content analysis was deployed to analyze this data. The feedback was categorized into various themes and presented as discussions on situational challenges, adaptive leadership behaviour, adaptive work, emotional intelligence, and performance of DTMFIs in Nairobi County.

Situational Challenges

The respondents' view on whether situational challenges had provided an opportunity for the growth of their institutions was sought. Most of the respondents agreed that situational challenges were inevitable, and their institutions used these challenges to enhance performance. The situational challenges provided an opportunity to deal with the current realities, but also to be cautious of future challenges. The challenges had also caused the institutions to incur huge costs in adjusting to the new environment, yet had been beneficial in the long run. For instance, part of the preparations that they had been doing to adjust to the digital migration came in handy during the COVID-19 pandemic, where quite a number of the institutions continued to operate without much disruption. Additionally, the challenges have accorded the institutions an opportunity to be more flexible and responsive to their clients. Further, the challenges had caused the intuitions to thrive and some of the staff had been pushed to the field rather than the office, leading to increased deposit mobilization. On the other hand, some of the challenges had paused a threat to the institution, thus straining the institutional operations. Others thought that even though there were possible opportunities for loss, these were changed into opportunities for gain.

Adaptive Leadership Behaviour

The respondents were asked how adaptive leadership behaviour affected performance in their institutions. Most of them opined that adaptive leadership behaviour had affected the performance of their institutions positively. This was through building better relationships with employees. Openness at the workplace had improved hence creating proficiency, efficiency, creativity, innovation, teamwork and delegation. Notably, because of the more open working environment, junior employees were able to take up responsibilities in the absence of their supervisors.

Adaptive leadership behaviour also resulted in having more ideas brought to the table, where most of the workers were allowed to share ideas. Staff sharing their ideas meant that they were valued and this boosted their morale. This in turn created room for staff to be open to varied working environments, because they knew that their leader would be there with them. The benefit of this was that the staff developed confidence that helped them think outside the box inspired by the adaptive leaders. The employee's adaptive skills were improved, and with the leader leading by example, their perspective changed, and they were able to look at challenges differently compared to before. The more the leaders recognized and embraced challenges, the more practical staff became resulting in employee productivity through connection with customers. As a benefit to the institutions, adaptive leadership behaviour has led to leaner and more agile teams through re-organization to cope with the challenges.

Adaptive Work

The researcher sought to find out how adaptive work had been used to promote performance in the various DTMFIs in Nairobi County. Most respondents agreed that adaptive work had helped ensure better performance in their institutions. Some of the DTMFIs were performing well due to the deliberate adoption of adaptive work. The workers had been helped to understand change, and therefore respond accordingly.

The use of adaptive work had unintended positive outcomes which had led to improved performance. Part of this was staff having multiple skills, and hence reducing on specialized skills. Further, adaptive work resulted in the use of virtual platforms as opposed to physical meetings. This helped the institutions to cut costs. Further, it had become easier to conduct meetings and build teams on virtual platforms since the employees were able to meet regularly compared to physical meetings. This resulted in versatile employees with good adaptive capacity for both individuals and teams.

Emotional Intelligence

The open-ended question in this section sought to find out in what ways had emotional intelligence been used to improve the performance of DTMFIs in Nairobi County.

Staff had become more aware of themselves, other staff, and the customers through training. A key aspect dealt with included training staff on their strengths, weaknesses, and how to work in tough circumstances. Staff found it easier to work in places of natural gifting. Staff had also been helped to improve in decision making. Their job satisfaction and social skills had improved since they were able to regulate their emotions and reduce stress in the process.

The organization also benefitted by ensuring that the employees are trained on how to deal with the emotions of clients, hence reducing customer complaints. Staff allocation to various roles based on their profiles. There was a healthy and positive working environment with more collaboration between staff. Communication had been improved as well.

Performance

In this section, feedback was sought on how performance of Deposit Taking Microfinance institutions had fared compared to others. In general, most of the institutions performed well due to a number of factors. These factors included favorable interest rates, retention of customers, recruitment of new customers and good financial and management policies. The other factors were saving campaigns that targeted their clients on the benefits of saving, as well as the introduction of broad financial services for the clients.

Besides the factors under study, the managers were asked to mention other factors that had helped to improve performance in the DTMFIs in Nairobi County. These factors varied from staff, institutional factors and external factors. Among the staff, the factors that stood out were staff morale that had been boosted through a change of internal culture, good staff relations with each other, staff buying into the vision, appropriate staff development leading to the acquisition of the needed skills, increased accountability, and hard-working staff. The institutional factors included good customer relations that resulted in customer retention, use of technology in operations and launching of new products, quick loan turnover and focus on Small and Micro Enterprises and profitability. Other institutional factors were loan follow-up, customer centricity, good risk management strategy, partnership with global firms and good governance of the institutions. A key external factor was constructive competition from other DTMFIs.

The respondents also gave feedback on the various challenges affecting the performance of DTMFIs in Nairobi County. The main challenge was competition from amongst the DTMFIs, commercial banks, and other non-regulated entities. To lure clients, other DTMFIs had gone into unhealthy competition such as lowering interest rates, hence reducing return on investment. The DTMFIs had lost to commercial banks through capital flight, where many of their clients moved to commercial banks once they had stabilized, and the DTMFIs were no longer able to offer higher loans required by such clients. The non-regulated entities offered quick loans to their clients, hence becoming a lucrative alternative. Even though this was a challenge, it pushed the DTMFIs to be more responsive to the market trends. This was also attributed to poor government regulation in this sector, especially for the non-regulated entities.

The other challenge was around the operational and funding model of DTMFIs. Some of the respondents felt that this was a key challenge since some of the DTMFIs did not have a defined model due to the dynamic operational environment. This meant that the DTMFIs were sometimes short on funding. Further, there was a higher loan default despite risk assessment and profiling, leading to the unavailability of cash for lending.

There was also low profitability due to stiff competition and increased costs of operations and loan defaults. This worked against the financial growth and sustainability of the DTMFIs in Nairobi County. The current economic environment, coupled with high interest rates meant that fewer customers were interested in some of the products.

Finally, the technological revolution had been a key aspect, offering both opportunities and challenges. Many of the products had moved online hence being responsive to the market. On the other hand, this had resulted in cyber security risks such as data breaches, which had in turn affected the operations of the institutions.

Chapter Summary

Chapter four has focused on the presentation and examination of the findings that have been analyzed as per the objectives and the hypotheses. The response rate was 60%. This chapter also looked at adaptive leadership and noted that it was in practice in a number of the DTMFIs. The most was emotional intelligence and adaptive work both at a mean of 3.69. Adaptive leadership behaviour followed with a mean score of 3.55 and situational challenges at a mean of 3.50. Further, the descriptive statistics showed that the institutions were performing to a great extent with a mean score of 3.55. The chapter likewise presented the results of various diagnostic tests that confirmed the suitability of the collected data for analysis. The chapter also presented correlation results, which showed that adaptive leadership positively correlates with the performance of DTMFIs in Nairobi County. Hypotheses testing was done through regression, where all the hypotheses were rejected since the $p\text{-value}<0.05$

CHAPTER 5: SUMMARY OF FINDINGS, RECOMMENDATIONS, AREAS FOR FURTHER RESEARCH AND CONCLUSIONS

This chapter summarizes the findings of the study based on the objectives and the hypotheses. Conclusions are also presented as well as recommendations for further inquiry. It also captures how the findings contribute to the body of knowledge in the microfinance sector.

Summary of Findings

The microfinance space has faced monumental challenges due to a number of factors; internal, external, local and global. Literature in existence has pointed towards many styles of leadership that have been studied in the microfinance field to help them thrive. However, there is a lack of information on how adaptive leadership has been used to ensure the performance of DTMFIs in Nairobi County. Most of the studies on the area of adaptive leadership have focused on different areas in the finance sector without a focus on DTMFIs. Studies undertaken in the area of adaptive leadership have also focused on other variables other than the ones under study. There was therefore need to study how adaptive leadership affects the performance of DTMFIs.

The study set out to investigate the effect of adaptive leadership on the performance of DTMFIs in Nairobi County. There were four specific objectives; to determine the effect of situational challenges, to determine the effect of adaptive leadership behaviour, to evaluate the effect of adaptive work, and to examine the effect of emotional intelligence on the performance of DTMFIs in Nairobi County.

The post-positivism philosophy was used. This helped in establishing how the variables were related. Further, it helped in either the rejection or acceptance of the postulates in this research. A descriptive explanatory design was adopted. This helped in the description of the different variables within the study. The targeted population was 298 respondents selected from senior, middle-level, and lower-level managers in 12 DTMFIs in Nairobi County. Data was collected using a semi-structured questionnaire. Quantitative data was analyzed through descriptive statistics and inferential analysis while qualitative data was done using content analysis. Simple linear regression, multiple linear regression and measures of central tendency were used. R and adjusted R-square (R^2) were used to approximate the predictive power of the regression models. The fitness of the models was tested using the F-statistic at a five percent significant level while the t-test was used to test the statistical significance of the regression parameters. The p-value for the test of the hypothesis was considered at 0.05. The summary results are presented in subsequent sections.

Adaptive Leadership and Performance

The general objective was to investigate the effect of adaptive leadership on performance of DTMFIs in Nairobi County. A null hypothesis that adaptive leadership has no significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County was tested. The null hypothesis that adaptive leadership has no significant effect on the performance of DTMFIs in Nairobi County was rejected. The study thus concluded that there was a positive and significant effect on the performance of DTMFIs in Nairobi County. The results were affirmed by the demographic characteristics of those who responded, previous studies and other aspects of the adaptive leadership theory.

On demographic features, most respondents were well educated and had at least a bachelor's degree, master’s degree, or PhD. This meant they could understand the various aspects of adaptive leadership. The descriptive statistics showed that a majority of the respondents were in agreement on the existence of the various aspects of adaptive leadership such as situational challenges, adaptive leadership behaviour, adaptive work and emotional intelligence.

The research was guided mainly by adaptive leadership theory. The theory points to the leader’s ability to mobilize the followers to deal with tough circumstances and thrive. This means that the leader needs to portray adaptive characteristics even as they lead by understanding, interpreting and dealing with situational challenges. The findings corresponded with previous studies, existing literature, and other aspects of the study such as descriptive statistics and demographics. With this consistency, the study results can be generalized in other studies and sectors.

Situational Challenges and Performance

Secondly, wanted to determine the effect of situational challenges on performance of DTMFIs in Nairobi County. The study tested the hypothesis that situational challenges have no significant effect on the performance of Deposit Taking Microfinance Institutions in Nairobi County. The findings showed that situational challenges had a strong and positive correlation with performance. Further, it was confirmed that situational challenges had a significant effect on the performance of DTMFIs in Nairobi County. The null hypothesis that situational challenges has no significant effect on the performance of DTMFIs in Nairobi County was rejected. It was therefore determined that situational challenges has a significant effect on the performance of DTMFIs in Nairobi County.

The results corresponded with the demographic analysis which demonstrated that most of those who responded had worked with their institutions for a while, and therefore understood the technical and adaptive challenges that their institutions had faced. Further, most of them had bachelor's degrees and higher and therefore were well-equipped to deal with technical challenges. Descriptive results indicated that situational challenges were known in the various DTMFIs in Nairobi County and that there had been significant responses by the various institutions.

The findings agreed with the proposition of the study that leaders are meant to mobilize their followers in tough times so that they can thrive. In the adaptive leadership theory, member mobilization and motivation are some of the ways in which leaders rally their followers to respond to tough and challenging times. Additionally, the results corresponded with available empirical literature that situational challenges has a significant effect on performance of DTMFIs in Nairobi County. The results can therefore be accepted and generalized in DTMFIs in Nairobi County.

Adaptive Leadership Behaviour and Performance

The study also sought to determine the effect of adaptive leadership behaviour on the performance of DTMFIs in Nairobi County. The null hypothesis that adaptive leadership behavior has no significant effect on the performance of DTMFIs in Nairobi County was tested. It was established that there was a moderate but positive correlation between adaptive leadership behaviour and the performance of DTMFIs in Nairobi County. The results also showed that adaptive leadership behaviour has a significant effect on the performance of DTMFIs in Nairobi County. The null hypothesis that adaptive leadership behaviour has no significant effect on the performance of DTMFIs in Nairobi County was rejected.

Demographic analysis of the respondents showed that a majority of them had worked in their institutions for a significant period, and were, therefore, able to display adaptive leadership behavior. Further, most of the respondents were in the lower ranks of management, implying that they needed to be mobilized for effective work. The results also affirmed the hypothesis of adaptive leadership theory, emotional intelligence theory and organizational learning theories. Leaders need to keep what they need, discard what they don't need, and acquire what they need and don't have. The findings also concur with the prevailing literature that adaptive leadership has a positive and significant effect on performance. The studies with similar findings were done in other institutions. The study therefore found that the results can be generalized in other spheres.

Adaptive Work and Performance

The third specific objective was to evaluate the effect of adaptive work on the performance of DTMFIs in Nairobi County. To study this objective, a null hypothesis that adaptive work has no significant effect on the performance of DTMFIs in Nairobi County was tested. The findings indicated that there was adaptive work in existence in the DTMFIs in Nairobi County. Further, it was established that adaptive leadership work had a moderate and positive effect on the performance of DTMFIs in Nairobi County. Finally, the findings also demonstrated that adaptive work had a significant effect on the performance of DTMFIs in Nairobi County.

The findings were consistent with the demographic analysis that showed a majority of the managers had worked with their respective institutions for a significant amount of time and were therefore able to adaptively express themselves. Further, most of the senior managers had worked for even longer periods, pointing to the expression of adaptive work.

Descriptive analysis revealed that a majority of the respondents were in concurrence with having a greater focus on adaptive work within their institutions.

The results were also in concurrence with adaptive leadership theory, which points to the leader’s ability to mobilize the staff by having strategic foresight. Further, a leader needs to have a balanced view of both internal and external elements of their operating environment for effective performance. The findings were in agreement with other prevailing literature which affirmed the significance of adaptive work on performance. Bearing in mind that these other studies had been done in other organizations, the results can therefore be generalized in other areas.

Emotional Intelligence and Performance

The final specific objective was to examine the effect of emotional intelligence on the performance of DTMFIs in Nairobi County. A null hypothesis that emotional intelligence has no significant effect on the performance of DTMFIs in Nairobi County was adopted. The study established that there was a moderate but positive effect on the performance of DTMFIs. Further, the findings indicated that emotional intelligence was being practiced in DTMFIs in Nairobi County, and that emotional intelligence had a significant effect on the performance of DTMFIs in Nairobi County. The null hypothesis that emotional intelligence has no significant effect on the performance of DTMFIs in Nairobi County was rejected, and the study concluded that emotional intelligence had a significant effect on the performance of DTMFIs in Nairobi County.

The results were consistent with demographic features where a majority of the informants had worked for a significant length of time and could emotionally relate well with their colleagues as well as their customers. Descriptive analysis also showed that a majority of the respondents acknowledged the application of emotional intelligence was present in their institutions. The findings also affirmed the adaptive leadership theory and emotional intelligence theory tenets that point toward leader capabilities such as empathy, motivation, persistence and social skills. The findings were also consistent with other empirical studies that had been done in other organizations and jurisdictions that emotional intelligence has a significant effect on performance. The findings can therefore be generalized in other DTMFIs.

Conclusion

The findings of the study confirm that adaptive leadership was present and emphasized in Deposit Taking Microfinance Institutions in Nairobi County. In the dynamic environment in which the STMFIs operate, situational challenges were present. Further, the study showed that adaptive leadership behaviour, adaptive work and emotional intelligence were operational within the DTMFIs in Nairobi County. It was also established that adaptive leadership is a predictor of performance in DTMFIs in Nairobi County. Situational challenges, adaptive leadership behaviour, adaptive work and emotional intelligence are important aspects that are in practice in Deposit Taking Microfinance Institutions. Individualized implementation of adaptive leadership behaviour, adaptive work, and emotional intelligence are significant forecasters of the performance of Deposit Taking Microfinance Institutions in Nairobi County.

Recommendations for Policy and Managerial Practice

The players in the Microfinance sector in Nairobi County should consider adaptive leadership practices with the developed plans for the institutions for sustained performance. The industry regulator, the Central Bank of Kenya should consider developing adaptive guidelines for the various Microfinance institutions to ensure that they maintain sustained growth. This is because of the critical role the microfinance institutions play.

Other players such as AMFI should also work on incorporating adaptive leadership in their training and capacity development components. Further, the management of the DTMFIs should follow up on the various tenets of adaptive leadership. One of the areas to work on is adaptive work. DTMFIs should consider further development of their research and development departments to ensure that their adaptive responses are informed well-done research. Further, the research and development can lead to innovation, hence ensuring that the DTMFIs are on the cutting edge in the financial sector.

Contribution to the Body of Knowledge

This study has generated knowledge for use by different stakeholders. The knowledge contribution is in two ways. The first is the theoretical contribution, while the second contribution is empirical. In terms of theoretical input, the study added knowledge and the application of adaptive leadership theory, emotional intelligence theory, balanced scorecard and organizational learning theory in Deposit Taking Microfinance Institutions. This means that the theories can be used in a broader range of contexts. Further, the study has contributed to the understanding of the four variables of adaptive leadership theory, emotional intelligence is the least predictor of performance when each of them is considered in isolation.

The second contribution is empirical knowledge. The findings have contributed to the available literature on the empirical connection between adaptive leadership and performance. The study contributes to the knowledge by illustrating there exists a relationship between adaptive leadership and performance. Previous scholars had also operationalized variables differently. This study operationalized adaptive leadership variables into situational challenges that focused on diagnosis, adaptive leadership behavior, adaptive work, and emotional intelligence.

Areas for Further Research

The study showed that when evaluated together, situational challenges and adaptive leadership behaviour were significant predictors of performance in DTMFIs in Nairobi County. However, adaptive work and emotional intelligence were not significant predictors of performance. However, when considered on their own with performance, situational challenges, adaptive leadership behavior, adaptive work and emotional intelligence had significant and positive effects on performance of DTMFIs in Nairobi County. This therefore points to the first area of further research. An investigation should be done on adaptive work and emotional intelligence in different contexts to find out the consistency of its effect on performance. This is because the study showed that they were not significant when evaluated together with situational challenges and adaptive leadership behaviour yet they were significant when evaluated on their own.

Secondly, the study was carried out in the DTMFIs in Nairobi County. Further studies should be carried out in other areas of finance like Commercial Banks and credit-only institutions to find out the consistency of these findings. This study used a semi-structured questionnaire for data collection. Further studies can use qualitative research.

Chapter Summary

The chapter has summarized the analysis, results, and conclusions. Other aspects included are recommendations and the research's contribution to the available knowledge. The chapter has also highlighted the areas that need further inquiry.

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Appendices

Appendix I: Introduction Letter

Joseph Namutala,

P.O Box, 781,

00618, Ruaraka.

Dear Sir/Madam;

Re: Participation in Research

I am a post-graduate student at the Pan Africa Christian University studying Master's Degree in Leadership. As part of the requirement for the award of the degree, I am undertaking a study on **Adaptive Leadership and Performance of Deposit Taking Microfinance Institutions in Nairobi County, Kenya.**

I, therefore, invite you to be part of this study as a respondent. I request that you answer the questions as objectively as possible and with utmost faith. Your responses will be treated with the utmost confidentiality.

Yours faithfully,

Joseph Namutala.

MALD/15455/0/19

Appendix II; List of Deposit Taking Microfinance Institutions.

1. SMEP Microfinance Bank Limited
2. Branch Microfinance Bank Limited
3. Caritas Microfinance Bank Limited
4. Daraja Microfinance Bank Limited
5. Faulu Microfinance Bank Limited
6. Kenya Women Microfinance Bank PLC
7. LOLC Microfinance Bank PLC
8. Maisha Microfinance Bank Limited
9. Uwezo Microfinance Bank Limited

Appendix V: Questionnaire

This questionnaire is to collect data on Adaptive Leadership and performance of DTMFIs in Nairobi County, Kenya. Answer all questions by ticking in the provided spaces or by writing your response in the spaces.

Appendix II; Questionnaire;

Part A; Demographic Details.

1. Gender of the respondent; Male ( ) Female ( )
2. Management level;

   Senior management ( ) Middle level management ( ) Lower level management ( )
3. Level of academic qualification

   Doctorate ( )

   Masters ( )

   Bachelor's Degree ( )

   Diploma ( )

   Certificate ( )

   Other (specify) ( )

4. How long have you worked in the DTMFI?

   Less than one year

   1-3 years

   4-6 years

   7-9 years

   Above 10 years

Part B; Adaptive leadership and performance of DTMFIs.

Section I; Situational Challenges.

5. Indicate to what extent the various aspects of situational challenges affect the performance of your institution. Use the rating shown below;

   5-, Very great extent, 4-Great extent, 3-Moderate extent, 2-Little extent, and 1-No extent

Situation Challenges	**1**	**2**	**3**	**4**	**5**
The institution has been affected by technical challenges					
The institution has a technical department such as Information and Communication Technology to deal with technical issues.					
The institution has experienced adaptive challenges					
The firm has policy guidelines on how to adapt to challenging times					
The firm has adopted technical capabilities to operate in the dynamic environment					
The firm is able to respond to new trends in the market					
The firm has developed products that are responsive to the environment.					

6. Have situational challenges provided an opportunity for the institution to thrive, or has it been a source of loss?

____

____

____

____

Section II; Adaptive Leadership Behaviour.

7. Rate to what extent the following leader behavior has affected performance in your institution.

   5-, Very great extent, 4-Great extent, 3-Moderate extent, 2-Little extent, and 1-No extent

Adaptive leader behavior	**1**	**2**	**3**	**4**	**5**
The leaders in our institution portray adaptive leadership behavior.					
The leaders in our institution have been able to mobilize staff to work in a challenging environment					
Our leaders motivate us and others to achieve the institutional targets					
The leadership organizes the employees to better respond to adaptive challenges within the institution					
The leaders in our institutions orient the employees to understand the organization and therefore be effective in performance.					
The leadership in the institutions focuses attention on the employees and other key stakeholders and not themselves.					
The organization has a fair system of rewards for all staff					

8. How does adaptive leadership behavior affect the performance of your institution?

   ____

Section III; Adaptive Work.

9. How do these aspects of adaptive work affect the performance of your institution?

   5-, Very great extent, 4-Great extent, 3-Moderate extent, 2-Little extent, and 1-No extent

Adaptive work	**1**	**2**	**3**	**4**	**5**
Our institution conducts reviews on the performance of the firm.					
The institution has a dashboard on organizational performance					
The firm has a research and development department that seeks information on the current trends to inform decision making and strategy development					
The institution has a strategic plan that paints the picture of its future aspirations					
The employees in the organizations understand the aspirations of the organization as set out in the strategic plan.					
The leaders of the institution have the foresight and are focussed on the future of the organization					
The organization has both short-term and long-term plans.					

10. Has adaptive work been used to promote performance in your institution?

____

____

Section IV; Emotional Intelligence

11. How do these aspects of emotional intelligence affect the performance of your institution?

    5-, Very great extent, 4-Great extent, 3-Moderate extent, 2-Little extent, and 1-No extent

Emotional Intelligence	**1**	**2**	**3**	**4**	**5**
The leaders deal with the employees with empathy					
All employees exhibit good social skills					
There are policy guidelines on equipping leaders and employees with social skills					
The institution undertakes self-awareness training for all its staff					
Self-regulation is practiced by the leadership of the institution					
Staff are self-motivated in performing their duties					
Staff relate well with their colleagues					
Staffs relate well with the customers.					

12. How has emotional intelligence been used to improve performance in the institution?

    ____

Section V; Performance of Deposit Taking Microfinance Institutions in Nairobi County.

13. Kindly indicate the trend of the following aspects of your institution in terms of performance.

5-, Very significant improvement, 4-Significant improvement, 3-Moderate improvement, 2-Little improvement and 1-No improvement

Performance.	**1**	**2**	**3**	**4**	**5**
Number of customers					
Overall amount in deposits					
Amount in terms of deposits per customer					
Uptake of new technology					
Use of new technology to sign up more customers					
Staff satisfaction with their work					
Staff retention					
Overall performance of your institution.					

14. How has the performance of your Deposit Taking Microfinance Institution fared compared to other institutions in the sector?

____

15. Are there other factors that have helped to improve the performance of your DTMFI?

____

16. What challenges have affected the performance of DTMFI?

____

The End

Thank you for your participation

Appendix III (a) Certificate of Ethical Clearence.

Appendix III (a): Certificate of Ethical Clearence, PAC University

Certificate of Ethical Clearance

Pan Africa Christian University

Thika Road Campus | Valley Road Campus
P.O. Box 56875-00200 | +254 730955000 | +254 730955501/2
enquiries@pacuniversity.ac.ke | www.pacuniversity.ac.ke

INSTITUTIONAL SCIENTIFIC ETHICSREVIEW COMMITTEE

(IS E R C)

This Certificate is awarded to

Namutala, Joseph Opanda

For the research titled

Adaptive Leadership and performance of Deposit-Taking Microfinance Institutions in Nairobi County, Kenya.

Ref/PAC/ISERC/005/2/23

having complied with PAC University Institutional Scientific Ethics Review Committee's guidelines and Standard Operating Procedures for ethical clearance.

This Certificate is issued subject to compliance with the following requirements:

i. Before commencing the study, you are required to obtain a Research License from the NationalCommission for Science, Technology and Innovation (NACOSTI) as well as other institutional clearances as and where needed.

ii. Only approved documents including research instruments and informed consent forms will beused.

iii. All changes including amendments and/or deviations are to be submitted for review andclearance by PAC University Institutional Scientific Ethics Review Committee before use.

iv. Any expected or unexpected changes that may increase the risks to study participants or affectthe integrity of the study must be reported in writing to PAC University Institutional Scientific Ethics Review Committee within two days.

v. Any request for renewal or approval must be submitted to PAC University Institutional ScientificEthics Review Committee at least four weeks prior to the expiry of this Certificate and must be accompanied by a comprehensive progress report to support the renewal.

Date of issue	27/2/2023	**Expiry date**	27/2/2024

DR.JANE KINUTHIA

Secretary PAC_ISERC

Appendix III (b): NACOSTI License

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RESEARCH LICENSE

This is to Certify that Mr.. Joseph Opanda Namutala of Pan Africa Christian University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Adaptive Leadership and performance of Deposit Taking Microfinance Institutions in Nairobi County, Kenya for the period ending : 16/March/2024.

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