



**RELATIONSHIP BETWEEN LEADERSHIP STYLES AND
EMPLOYEE RETENTION IN LOLC MICROFINANCE
MYANMAR CO., LTD IN YANGON, MYANMAR**

A Thesis Presented
By
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MASTER OF BUSINESS ADMINISTRATION
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ABSTRACT

- * Introduction of Title
- * Problem statement
- * Indication of Methodology
- * Scope and Limitations
- * Main Findings
- * Suggestions/Recommendations
- * **Key words** (Minimum – 4 words, Maximum – 6 words)

Note: Write in **ONE** Paragraph in **ONE** page

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ABBREVIATION

FRD:	Financial Regulatory Department
MMSE:	Myanmar Microfinance Supervisory Enterprise
MEB:	Myanmar Economic Bank
MADB:	Myanmar Agriculture Development Bank
MLFDB:	Myanmar Livestock and Fisheries Development Bank
CCS:	The Central Cooperative Society
MFIs:	Microfinance Institutions
NGO:	Non-Government Organization
INGO:	International Non-Government Organization
USAID:	The United States Agency for International Development

CHAPTER I

INTRODUCTION

Small and medium-sized businesses (SMEs) are discovered to have a significant impact on the economies of many nations in the rapidly evolving and fiercely competitive global market environment. The microfinance organizations have demonstrated that they have been instrumental in promoting economic expansion, creating job opportunities, and eliminating poverty. Microfinance organizations were initially created with the goal of providing underprivileged communities with financial support so they could build better homes, improve their living conditions, get a basic education, and combat poverty. According to this fundamental goal, the effectiveness of microfinance initiatives was evaluated based on how well they contributed to the social welfare of the target population. (adfinance.co, 2013). In the fast-changing and increasingly competitive global market environment, small and medium enterprises (SMEs) are found to exert a strong influence on the economies of many countries. The microfinance institutions have shown that they have played major roles in fostering economic growth, generating employment opportunities, and reducing poverty. (fdc.org.au, 2003).

Microfinance institutions were originally intended to finance poor communities and help them sustain a living, build better houses, acquire basic education, and fight against poverty. With such a primary mission, the performance of microfinance projects was measured by the social impact of the projects on the welfare of the intended community. (Morduch, 2009)

The effects of the first two waves of COVID-19 on Myanmar's microfinance sector have now been extensively documented. We discuss potential impact pathways, review policy responses to the crisis, and present new quantitative analyses of respondents and surveys across the chain. In addition, on February 1, we briefly considered the effects of the 2021 military coup. In general, various disruptions in the microfinance sector, especially during the peak periods of COVID-19, have significantly reduced overall lending since April 2020. (ebruary.ifpri.org, 2021)

In addition to these disruptions, external financial disruptions are accompanied by massive informal borrowing. This could lead to more debt and less food security.

However, policy responses to COVID-19 and accommodation financing for microfinance institutions (MFIs) have caused widespread dissatisfaction in the sector. Events since the military coup are creating new challenges and exacerbating the aforementioned impacts, risking MFI collapse and food security; wider crises of debt and poverty are occurring. (ebrary.ifpri.org, 2021)

As MFI staff, they encounter dangers and difficulties in their field work in villages. As employees who no longer feel secure, low pay; the risk of traveling Some employees face death. Due to the lack of insurance in case of death, the employee's trust in MFI companies has weakened, which has led to an increase in employee turnover. As for some managers, the lack of experience and weak management have further affected the safety of employees. In terms of tasks, due to the economic situation of the team members, the amount of work they have to do has doubled, but in some companies, there has been a decrease in salary. After this happened, the abuse rate of the employees increased, and the employees who joined later did not feel satisfied in the workplace and left within a short period of time. My caption is to keep the current situation and mismanagement, employee retention, employee satisfaction, employee rights, and employee rights in mind. This article was created with the aim of providing comprehensive information and highlighting management mistakes and employee risk.

Analysis of how managers have improved organizational performance for their microfinance institutions as a result of their leadership styles is crucial for the sustainability of microfinance institutions. This is because leadership issues related to microfinance performance must be understood holistically. (meral.edu.mm, 2020)

1.1 Background Information of the Study

A crisis involving Asian MFIs occurred in 2006 and had a lot of repercussions. Less employment possibilities were created as a result, and MFI profitability declined as a result of lower demand for their products. High performance leadership teams are aware of how their actions, both collectively and individually, affect the entire company. According to data from microfinance institutions, the performance of many MFI organizations has been poor, with a significant gap between them and commercial banks. This gap is due to the target market's distinctive characteristics, which give the target market the wider market coverage. Data from microfinance institutions in

Kakamega County reveals that performance in many MFI organizations has been minimal, with a huge discrepancy with commercial banks. (Dorsey, 2016)

Myanmar Microfinance Law's goal of promoting savings as a habit among low-income customers by providing voluntary and compulsory savings services with an attractive interest rate to the benefit of its customers since its inception. According to the condition, managers are still facing issues handling employee retention in the organization. Employees in any organization are expected to behave well. Managers should therefore implement strategies to maintain brilliant employees in the company.

Leadership behavior was noted to be among the major contributing factor. Unfavorable working conditions enhanced by weak leadership behavior have dominated the industry. This has led to stressful working conditions associated with both short- and long-term individual reactions including negative effect, job dissatisfaction, turnout, physical strains and even increased mortality rates. Most of organization's performance is usually seen as a function of organization's leader behavior. (www.scirp.org, 2019) This links several administrative and managerial themes which include the extent to which the organization identifies strategic goals and the degree to which they are communicated and shared by each employee. The organizations had clear vision and a set of integrated values which were embedded, collective, measurable and manageable. They were concerned with sustainability of performance based on the leader behavior. The industry has a wider market coverage due to the characteristic nature of the target clientele.

Since the country opened up in 2012, Myanmar's nascent microfinance industry has been rapidly growing. However, the growth rate of this institutions is insignificant. Most of the institutions have experienced huge turnover in their programme. Ignoring high levels of employee turnover can be very costly; it lowers internal morale, and it could harm an organization's external reputation and cost it business. So, understanding the importance of staff retention is vital. (pagepersonnel.co.uk, 2022). Employee turnover is the rotation of employees around job positions available in the labor market. This rotation could result in a transfer between organizations, a change in the job position and occupation, or sometimes a shift between two states of employment and unemployment.

A moderate level of staff turnover can be good for a business; it means fresh ideas and approaches. However, every organization must implement a strategy to

retain the high performers that provide it with a competitive edge; they are the individuals you cannot afford to lose.

Various factors prompt people to transition from one microfinance institution to another. Among these, job stress and a multitude of stressors, lack of commitment from the microfinance institution, and job dissatisfaction are widely cited as the primary reasons for employees choosing to leave their positions. It should be noted here that the leadership style of a manager may be among the stressors, if not the main one. A manager is the first reflection of the organization in the eyes of the employees.

It's important to know why employees leave because when a company has a high turnover rate, this could signify low employee job satisfaction. Hiring new employees to fill these openings demands time and effort, which is why it proves beneficial for employers to discover ways to retain their existing employees. By understanding the reasons behind employee departures, employers can effectively address recurring issues and cultivate a more enjoyable work environment for everyone involved. Misunderstandings about what is expected in the workplace and how those expectations should be met could be cited as a major cause of role ambiguity and, as a result, employee turnover. If roles and responsibilities are not clearly defined by the manager or leader, the rate of employee turnover will accelerate considerably. (indeed.com, 2020)

1.2 Problem Statement of the Study

After the outbreak of COVID-19 and the military coup in Myanmar, the social and economic crisis has hit the people hard. Poverty has worsened gradually, and many difficulties have arisen for microfinance institutions that are in direct contact with poor people. The increase in fraud Overload of work, low salary experiencing risks in the business environment; lack of life assurance Management Weaknesses pose risks and significant challenges for microfinance organizations. Employee retention; employee satisfaction; It is to keep employee rights in mind. This article was created with the intention of providing comprehensive information and highlighting management mistakes and employee risk.

1.3 Objects of the Study

The main objectives of the study are as follows:

- To identify the leadership styles at LOLC Myanmar Microfinance Co., Ltd in Yangon.
- To analyze the relationship between leadership styles and employee retention at LOLC Myanmar Microfinance Co., Ltd in Yangon.
- To identify the relationship between employee retention and organizational performance at LOLC Myanmar Microfinance Co., Ltd in Yangon.

1.4 Research Questions of the Study

1. What are the leadership styles at LOLC Myanmar Microfinance Co., Ltd in Yangon?
2. What is the relationship between leadership styles and employee retention at LOLC Myanmar Microfinance Co., Ltd in Yangon?
3. What is the relationship between employee retention and organizational performance at LOLC Myanmar Microfinance Co., Ltd in Yangon?

1.5 Scope and Limitation of the Study

The study was investigated the relationship between leadership style and employee retention and organizational performance in LOLC Myanmar Microfinance Co., Ltd in Yangon. The study was emphasized on leadership style of Microfinance firm, focused on three types of leadership style: Transformational Leadership Styles, Transactional Leadership Styles and Laissez Faire Leadership Styles and their relationship to employee retention and organizational performance. Quantitative method is used for asking survey questionnaires and descriptive research method is used to analyze in this study.

The primary data was collected from 200 respondents from LOLC Myanmar Microfinance Co., Ltd in Yangon with structured questionnaire and using random sampling method. The study would be appropriate to study all microfinance businesses in Myanmar, but due to time and financial constraints, the researcher chose to focus on the impact of problems faced by employees of Myanmar microfinance institutions. This study will provide insight into the relationship between leadership style and employee retention. The conclusion of this research study will be limited and

restricted to unique factors related to LOLC Myanmar Microfinance Co., Ltd. in Myanmar. As a result, the conclusion may be similar to that of other microfinance institutions. Secondary data were collected from literature review, including text books, publications, thesis papers, research papers, reports, journals and internet websites.

1.6 Organization of the Study

This paper organized into five chapters. Chapter one is introductory which involves background of the study, objective of the study, limitation and scope of the study and organization of the study. The theoretical background on relationship between leadership style, employee retention and organizational performance of this study is presented in Chapter Two. Chapter Three describes Background Information and leadership practices of LOLC Myanmar Microfinance Co., Ltd. Chapter Four discusses the relationship between leadership styles and employee retention and organizational performance in LOLC Myanmar Microfinance Co., Ltd. At last, Chapter Five includes the conclusion with the researcher's findings and discussions, suggestions and recommendations and needs for further research.

CHAPTER II

THEORETICAL BACKGROUND

This chapter focuses on the various theories that explain leadership and the relationship between leadership style and employee retention and organizational performance outcomes. This chapter is formed of five portions, such as the role of leadership, theories and background of leadership, types of leadership styles, employee retention and organizational performance.

2.1 The Role of Leadership

Leadership is essentially a continuous process of influencing behavior. It may be considered in context of mutual relations between a leader and his followers. The leader tries to influence the behavior of individuals or group of individuals around him to achieve desired goals. Leadership undergoes a dynamic process that warrants examination. It entails a relational process characterized by interactions among leaders, members, and occasionally external stakeholders. Good leaders are nurtured, not inherently born. With the right ambition and determination, anyone can develop into an effective leader. (economicsdiscussion.net, 2022)

The success of an organization depends on managers and their leadership capabilities. Through the application of appropriate leadership styles, managers can affect employee job satisfaction, commitment, and performance in general. Many studies have been conducted on the leader-follower relationship and its impact on employee performance, organizational commitment, work quality, and job satisfaction, among others. (sciencedirect.com, 1990)

The microfinance sector is a vibrant emerging segment of the Myanmar economy. Some of the practitioners have been successful because they have been leveraged by exceptional leadership. The very essence and moral purpose of leadership is to create an empowered, motivated, and satisfied following. Organizations can build leadership traits and qualities and impart them on employees, creating winning organizations that deliver on their vision. To do this, there must be a clear understanding of the appropriate leadership style for the organization. (crossculturalleadership.yolasite.com, 2012)

2.2 Important of Leadership

Leadership holds great significance as it imparts guidance, motivation, and direction to individuals and organizations, enabling them to accomplish their objectives. Below are some key reasons highlighting the importance of leadership?

- **Vision and guidance:** Leaders offer a distinct vision and provide guidance to their teams or organizations. They establish goals, prioritize tasks, and create a roadmap to attain success.
- **Motivation and inspiration:** Leaders inspire and motivate their team members to deliver their best performance. They foster creativity, cultivate a positive work environment, and instill a sense of purpose and belonging.
- **Accountability:** Leaders take responsibility for the achievements or setbacks of their teams or organizations. They ensure that everyone is working towards a common goal by being accountable for their actions and decisions.
- **Decision-making:** Leaders make tough decisions, often under pressure and with limited information. They carefully weigh the pros and cons, seek input from others, and make well-informed choices that serve the best interests of their team or organization.
- **Innovation and adaptability:** Leaders encourage innovation and adaptability by fostering a culture of experimentation, risk-taking, and learning from failures. They remain open to new ideas and are willing to adjust course when necessary to achieve success.

Overall, effective leadership is indispensable for the success of any organization, whether it is a small team or a large corporation. Good leaders inspire their team members, establish clear direction, and create an environment that enables everyone to perform at their best.

2.3 Theories and Background of Leadership

Comprehending leadership theories and styles can enhance your effectiveness in your role, particularly when collaborating with or overseeing others. Moreover, interviewers can evaluate your leadership skills throughout the job search process and gain insight into your preferred leadership style. We elucidate leadership theory, examining six pivotal leadership theories and elucidating how you can define your own leadership approach. Leadership theory delves into the qualities of exemplary leaders. Psychologists scrutinize and cultivate leadership theory, while researchers strive to unveil shared qualities or behavioral patterns exhibited by accomplished leaders. (indeed.com, 2019)

2.3.1 Great Man Theory

The great man theory of leadership posits that great leaders possess all the necessary personality traits, such as intelligence, courage, confidence, intuition, and charm, inherently from birth. This theory gained popularity in the 19th century and asserts that leadership abilities cannot be cultivated; individuals either possess them or they do not. Critics of this theory argue that its fundamental assumption is unrealistic. (indeed.com, 2019)

2.3.2 Trait Theory

The trait theory of leadership asserts that specific inherent qualities have a tendency to foster effective leaders. Nonetheless, possessing such qualities does not automatically guarantee strong leadership skills. While some individuals may excel in listening or communication, not every good listener or communicator possesses the traits necessary to become a successful leader.

2.3.3 Behavioral Theory

The behavioral theory of leadership emphasizes how a person's environment, rather than innate abilities, shapes them into a leader. Conditioning is one of the central concepts of this theory, as it posits that an individual's behavior and leadership style are influenced by environmental responses. According to this theory, anyone can become a leader by adopting the behaviors exhibited by other successful leaders.

2.3.4 *Transactional or Management Theory*

The transactional theory of leadership, also known as "management theory," asserts that leadership operates as a system of rewards and penalties. This perspective perceives effective leadership as being outcome-oriented and hierarchical. Transactional leaders prioritize maintaining order and structure rather than fostering creativity, by providing rewards to individuals who achieve goals and implementing penalties for those who do not.

2.3.5 *Transformational or Relationship Theory*

The transformational theory of leadership, also known as "relationship theory," posits that effective leadership emerges from cultivating a positive relationship between leaders and team members. Transformational leaders motivate and inspire others through their enthusiasm and passion. They serve as role models for their teams, promoting a collaborative work environment, employing diplomatic communication skills, and effectively delegating tasks.

2.3.6 *Situational Theory*

The situational theory of leadership does not prescribe a specific leader type or advocate for a single best style. Instead, it emphasizes the importance of leaders being able to adapt their approach based on the situation at hand. Situational leaders may employ various strategies such as commanding, coaching, persuading, participating, or delegating, depending on what they deem necessary in each situation. The defining characteristic of situational leaders is their flexibility.

2.4 *Types of Leadership Styles*

Transformational leadership, transactional leadership, and laissez-faire leadership represent distinct styles of leadership, each with its own strengths and weaknesses. Transformational leadership aims to inspire and motivate team members toward a shared vision or goal. This style can effectively drive change, foster innovation, and promote team cohesion. However, it may not be as suitable in situations that demand immediate action or when team members exhibit resistance to change.

Transactional leadership relies on using rewards and punishments to motivate team members. This style can be effective when clear goals and expectations are established, and team members are motivated by external incentives. However, it may not work as effectively in situations where team members seek more autonomy or where creativity is crucial.

Laissez-faire leadership entails providing minimal guidance or direction to the team, allowing team members to make their own decisions. This style can be effective when team members are highly skilled, motivated, and when the leader has a high level of trust in their team. However, it may not be as effective in situations where team members require more structure or guidance to perform optimally.

Overall, each of these leadership styles can prove effective in different situations, and the most adept leaders are capable of adjusting their approach to align with the needs of their team and the specific circumstances they encounter.

2.4.1 Transformational Leadership

Transformational leadership is a leadership theory that centers around the idea of a leader collaborating with team members or followers beyond their immediate self-interests. Its goal is to recognize the need for necessary changes, develop a vision to guide the change, and implement it in cooperation with dedicated group members. This shift in self-interest enhances the maturity levels, ideologies, and achievement-oriented concerns of the followers. James V. Downton initially introduced the concept of transformational leadership and coined the term, while further contributions and insights have been provided by leadership specialist and political biographer James MacGregor Burns (Bernard M. Bass, 2006).

As described by Bass and Riggio (2006), transformational leaders inspire and motivate their followers to attain exceptional outcomes while concurrently developing their own leadership capabilities. Kouzes and Posner (1988) define transformational leadership using a vision-involvement-persistence (VIP) model, which comprises five key elements: challenging the process, inspiring a shared vision, enabling others to act, modeling the way, and encouraging the heart. Transformational leadership is demonstrated when leaders and followers mutually support each other in advancing

towards higher levels of morality and motivation, as emphasized by Burns. (corporatefinanceinstitute.com, 2023)

Transformational leadership operates on the premise that a leader collaborates with team members or followers beyond their immediate self-interests, aiming to identify necessary reforms, establish a vision to guide the change, and subsequently implement it in conjunction with dedicated group members. This transformation enhances the followers' levels of maturity, ideologies, and aspirations for achievement. James V. Downton originally proposed the concept of transformational leadership, coining the term, and it has since been further developed by leadership specialist and political biographer James MacGregor Burns. According to Burns, transformational leadership is evident when "leaders and followers help each other progress to a greater degree of morality and motivation."

Transformational leaders have the ability to inspire followers to reshape preconceptions, perspectives, and motivating factors, working towards shared objectives through the strength of their vision and personality. Burns also defines transformational leaders as individuals who can elevate followers on Maslow's Hierarchy of Needs while motivating them to transcend their self-interests.

Transformational leadership is rooted in the idea that a leader collaborates with team members or followers beyond their immediate self-interests to recognize necessary reforms, establish a vision to guide the change, and implement that vision through influence, encouragement, and collaboration with dedicated group members. James V. Downton coined the phrase "transformational leadership" and introduced the concept, which was subsequently expanded upon by leadership specialist and political biographer James MacGregor Burns.

Transformational leaders often exhibit four distinct qualities commonly referred to as the "four I's": inspiring drive, idealistic influence, intellectual stimulation, and individual concern. Transformational leadership occurs when a leader's actions influence and motivate subordinates to surpass their perceived abilities. This type of leadership inspires others to achieve unexpected or remarkable results. Transformational leadership grants individuals autonomy over specific tasks and empowers them to make decisions after receiving proper training. It leads to a positive

shift in the mindset of participants and the organization as a whole. The characteristics are:

- Inspiration motivation
- Idealistic influence
- Intellectual stimulation
- Individualized consideration

Transformational leadership improves subordinates' motivation, *esprit de corps*, and work performance through several different mechanisms, including.

- Connecting the follower's sense of identity and self to a venture or project and the shared identity of an organization
- Being a role model for followers will encourage and raise their interest in the project.

Challenging followers to assume greater ownership and accountability for their work and understanding the strengths and weaknesses of the followers, hence, the organization.

Transformational leadership promotes followers' dedication, participation, loyalty, and performance. Followers do everything in their abilities to express their support for the leader, to emulate the leader in an attempt to intellectually connect with them, and to preserve loyalty without compromising their sense of self-esteem. Transformational leaders are capable of adapting to different circumstances, sharing a collective awareness, self-managing, and inspiring a team of employees.

Transformational leaders may inspire and motivate people by providing a clear vision and communicating that vision. When joined together with "Idealized Influence," the two characteristics represent the transformational leader's productivity. With clarity, a transformative leader can readily inspire their people.

Transformational leaders show genuine care for their followers' emotions and needs, and they assist them in self-actualization. The individual attention to each follower contributes to the development of trust among the organization, its members,

and its authority figures. Transformational leaders encourage their followers to be creative and innovative and to question the status quo.

2.4.2 *Transactional Leadership*

Transactional leadership is a leadership style that employs rewards and punishments to motivate and guide followers. This leadership approach, occasionally known as managerial leadership, highlights the significance of structure, organization, supervision, performance, and outcomes. The group's goals and tasks are meticulously structured, and members receive rewards upon accomplishing these objectives, while facing reprimands for missing deadlines. (verywellmind.com, 2022)

This theory of leadership was initially outlined by sociologist Max Weber and further examined by Bernard M. Bass in the early 1980s. Let's delve deeper into how the transactional style operates and explore some of the potential advantages and disadvantages associated with this approach. The primary objective of followers in this style is to comply with the leader's instructions and commands. Subordinates require careful monitoring to ensure that expectations are met. The theory adopts a behavioral approach to leadership by establishing a system of rewards and punishments. Transactional leadership finds frequent application in business contexts: employees receive rewards when they achieve success, while facing reprimands or punishments for failures. (verywellmind.com, 2022)

Athletic teams heavily depend on transactional leadership as well. Players are expected to adhere to the team's rules and expectations, and their performance is either rewarded or penalized accordingly. Winning a game can result in recognition and bonuses, while losing may incur criticism and reprimands. Players often demonstrate strong motivation to excel, even if it entails enduring pain and injuries. Unlike transformational leaders, who typically adopt a forward-looking mindset, transactional leaders primarily focus on maintaining the current state of affairs. Transformational leaders aim to persuade followers by advocating their ideas and vision, whereas transactional leaders provide clear instructions to group members regarding what to do and when to do it. (verywellmind.com, 2022)

In transactional leadership, rewards and punishments depend on the followers' performance. The leader considers the relationship between managers and subordinates as an exchange where both parties contribute something in return. When subordinates perform well, they receive rewards, but poor performance leads to some form of punishment. Rules, procedures, and standards play a vital role in transactional leadership.

Transactional leaders closely monitor followers to ensure compliance with rules, reward success, and address failure. However, they do not act as catalysts for growth and change within an organization. Their focus lies in preserving the existing structure and enforcing established rules and expectations. These leaders excel at setting clear expectations and standards that enhance organizational efficiency and productivity. They provide constructive feedback on follower performance, enabling group members to improve their output and receive better feedback and reinforcement.

Transactional leadership does not prioritize creativity or the exploration of innovative solutions among followers. Research indicates that transactional leadership is most effective in situations where problems are straightforward and well-defined. It can also prove beneficial during crisis situations where the primary objective is to accomplish specific tasks. By assigning clear responsibilities to individuals, leaders ensure the completion of those tasks.

During times of crisis, transactional leaders play a role in maintaining the status quo and ensuring the group remains focused. They concentrate on preserving the group's structure, effectively communicate expectations, articulate the rewards for task performance, explain the consequences of failure, and provide feedback to keep workers on track. While transactional leadership can be useful in certain contexts, it is often considered inadequate and may impede both leaders and followers from realizing their full potential. (verywellmind.com, 2022)

2.4.3 Laissez Faire Leadership

Let's begin by examining the meaning of "laissez-faire leadership." According to Merriam-Webster, laissez-faire leadership is defined as "a philosophy or practice

characterized by a deliberate abstention from directing or interfering, particularly with individual freedom of choice and action." (harappa.education, 2021)

"In other words, an organization experiences laissez-faire leadership when its leaders adopt a hands-off approach, allowing team members to make decisions. Laissez-faire leadership, also known as free rein leadership, grants team members the freedom to develop their own processes to achieve the goals, programs, and policies set by the leadership. It involves providing training and support, allowing for mistakes, taking responsibility for failures, commending well-done work, rewarding high-performing teams, and intervening only when necessary. Successful laissez-faire leaders assemble strong teams and empower them to work autonomously. However, laissez-faire leadership goes beyond a hands-off approach. Critics argue that this leadership style can lead to low productivity, but examples like Andrew Mellon and Warren Buffet demonstrate its potential for success. In a laissez-faire leadership scenario, an employee presenting a problem to the leader would be met with active listening and a suggestion to discuss it openly with the whole team, allowing them to find a solution themselves.

A clear vision and plan are essential for the success of laissez-faire leadership. Leaders must have unwavering confidence in their vision for the team or organization to fully delegate decision-making. Laissez-faire leadership, also known as delegative leadership, trusts others to make decisions without constant supervision. A successful laissez-faire leader's vision is so clear that they have no doubt about the team's understanding and ability to execute it.

Trust plays a crucial role in laissez-faire leadership. Leaders must trust their teams and foster trust among team members. Balancing both aspects is a true test of the laissez-faire style. For example, if an employee reports that a team member is not working as hard, a good laissez-faire leader would arrange a meeting to inquire about any challenges, rather than reprimanding them. Such autonomy is the essence of free-rein leadership and promotes effective work. Understanding different examples of laissez-faire leadership is key to determining its success.

Like other leadership styles, laissez-faire leadership has advantages and disadvantages. The style's emphasis on autonomy allows team members to be

proactive and motivated, leading to optimal performance and personal growth. In a laissez-faire work structure, team members have the freedom to reach goals and solve problems in innovative ways. Prompt decision-making is facilitated as team members do not require constant approval. Laissez-faire leaders recognize and defer to their employees' expertise in decision-making. This leadership style is beneficial for creative individuals and organizations prioritizing innovation. However, it is essential that team members possess the necessary skills and experience to work independently. Without these qualities, laissez-faire leadership can lead to problems such as unclear roles, lack of direction, and a disorganized team. It is the leader's responsibility to take ownership of their team's failures and not misuse the hands-off approach to avoid accountability.

To ensure success, laissez-faire leaders must maintain a close monitoring of their teams from a distance, outline clear milestones, and hire capable individuals. An inexperienced or unskilled team left without guidance will struggle to formulate action plans, resulting in missed deadlines and unmet goals. Uncertainty about decision-making authority can create a hostile work environment and power struggles even among experts in an autonomous team.

Leadership, whether hands-off or hands-on, carries significant responsibility. Harappa's Leading Self course is designed to help ambitious professionals become the best versions of themselves. The course teaches ownership, growth mindset, essential skills, and overcoming obstacles through frameworks like the Performance Equation and the Ladder of Learning. The Leading Yourself course provides aspiring leaders with the tools to fulfill their potential and navigate challenges." (harappa.education, 2021)

2.5 Employee Retention

Employee retention refers to the voluntary decision of employees to stay with their current company and not actively pursue alternative job opportunities. On the other hand, turnover occurs when employees leave a company for various reasons.

Retention involves the processes and strategies employed by a company to ensure that its employees remain in their positions. The rate of retention can vary

across different companies and industries, representing the percentage of employees who stay with the organization over a specific period. Let's consider an example of an employee who has been with a company for more than ten years but has not shown any signs of growth. Through performance audits, it becomes evident that this employee contributes minimally to the company's bottom line and lacks genuine investment in their daily work. In such a case, the departure of this employee may actually benefit the company, as retention would not be desirable in this particular situation.

Retention is a multifaceted concept that requires careful consideration before establishing specific standards for a company. In the microfinance industry, employee retention is a critical challenge due to its potential cost and disruptive impact. Here are several strategies that microfinance institutions (MFIs) can implement to retain their employees:

Offer competitive compensation and benefits: Providing attractive pay and benefits can help attract and retain talented employees. This may include comprehensive health insurance, retirement plans, and enticing benefits such as flexible schedules or telecommuting options.

Provide opportunities for career development: MFIs can create and implement training and development programs that assist employees in acquiring new skills and advancing their careers. This not only increases job satisfaction and engagement but also strengthens the talent pipeline within the organization.

Foster a positive work culture through diversity: Creating a positive work culture that values participation and collaboration can foster a sense of community and strengthen employee relationships. This, in turn, enhances job satisfaction and reduces turnover.

Recognize and reward good performance: Recognizing and rewarding employees for their hard work and outstanding performance can significantly boost morale and motivation, thereby contributing to the retention of top performers.

Support work-life balance with flexible schedules: Offering options for work-life balance, such as telecommuting and generous time off policies, enables employees to effectively manage their work and personal responsibilities. This reduces job dissatisfaction and helps prevent burnout.

Conduct regular employee surveys: Regularly conducting surveys among employees can provide valuable insights into their needs and concerns, enabling MFIs to identify areas for improvement. This fosters employee engagement and enhances retention over time.

One management style that can effectively promote employee retention is participative management. This approach involves involving employees in decision-making processes and empowering them to take ownership of their work. By engaging employees in decision-making, MFIs can cultivate a sense of ownership and commitment, leading to increased job satisfaction and motivation.

Another effective management style is transformational leadership. Transformational leaders inspire and motivate employees to reach their full potential, fostering a shared vision and purpose within the organization. By creating a positive and supportive work environment, transformational leaders can enhance employee engagement and retention.

In addition to management styles, MFIs can implement several other strategies to promote employee retention. These may include offering competitive salaries and benefits, providing ample opportunities for professional development and advancement, and creating a supportive and inclusive work environment.

Ultimately, the key to employee retention in the microfinance industry lies in fostering a work culture that genuinely values and supports employees. By adopting effective management styles and implementing strategies that promote employee satisfaction and engagement, MFIs can successfully reduce turnover and build a strong and committed workforce.

2.6 Organizational Performance

Organizational performance refers to how well an organization achieves its goals and objectives. Financial performance; customer satisfaction; employee engagement; It can be measured in a variety of ways, including productivity and innovation.

There are many factors that can affect organizational performance, including leadership strategy, culture, structure, processes, and resources. Effective leadership requires setting a clear direction. It is important to align resources and motivate employees to perform at their best. A strong strategy is needed to ensure that the organization is pursuing the right goals and making the most of its strengths and opportunities. Cooperation: a strong culture that values accountability and continuous improvement can help sustain high performance over time.

To improve the efficiency of the organization; to identify strengths and weaknesses; and to set clear performance goals. It is important to develop strategies to address gaps and monitor progress over time. It collects and analyzes data on key performance indicators. This requires a data-driven approach that engages employees at all levels of the organization and makes timely adjustments as needed. Successful organizations use employee development to support their goals and objectives. They also invest in technology and infrastructure.

Organizational performance is an important measure of success for microfinance institutions (MFIs), as it indicates the effectiveness of their operations in achieving their objectives. In the microfinance industry, financial sustainability Organizational performance, reach, and impact are often measured. Financial sustainability refers to an MFI's ability to generate sufficient revenues to cover its costs and sustain its operations. This is because MFIs are nonprofit organizations that rely on external funding sources to support their operations. For financial sustainability, MFIs must carefully manage their expenses and loan portfolios to reduce the risk of default and stabilize income.

Outreach refers to the extent to which an MFI can reach enough disadvantaged people and provide them with access to financial services. This is a key measure of

institutional performance because MFIs are often established with the goal of promoting financial inclusion and supporting economic development in low-income communities. To achieve this goal, MFIs must develop effective outreach strategies that target the needs and preferences of their target clients.

Impact refers to the extent to which an MFI achieves its social and economic development objectives. It can be used to improve household income. Poverty reduction and overall economic development are often measured. To achieve effects, MFIs need not only to provide access to financial services but also to develop effective strategies to help their clients improve their livelihoods and achieve their goals.

MFIs must manage their financial resources to improve the institution's performance in microfinance. It is important to develop effective strategies to expand their reach and impact. This includes adopting new technologies and innovative business models; cooperating with other organizations; and making investments in staff training and development. By focusing on these key areas, MFIs can improve their performance and contribute to the overall economic development of the communities they serve.

2.7 Review of Empirical Studies

Empirical studies are research studies that involve collecting and analyzing data to answer a specific research question or test a hypothesis. These studies are important because they provide evidence-based insights into various phenomena, including organizational performance.

A review of empirical studies on organizational performance reveals several key findings. First, studies have consistently shown that effective leadership is a critical factor in driving organizational performance. Being able to create a clear vision and having leaders who can motivate employees and align resources can significantly improve organizational performance.

Secondly, studies show that organizational culture plays an important role in shaping organizational performance. Cooperation: Organizations with strong cultures that value accountability and continuous improvement tend to do better than they do.

Third, studies have found that employee engagement is positively related to organizational performance. Engaged employees are more productive, which improves organizational performance.

Fourth, Studies have shown that strategy is an important driver of organizational performance. Organizations with a clearly defined strategy tend to outperform those that don't.

Finally, the studies highlighted the importance of measurement and monitoring to drive improvement. Organizations that use a data-driven approach to performance management are better off than those that do not.

In general, effective leadership, a strong organizational culture, and a sound strategy are key factors that can significantly improve organizational performance, according to the findings of organizational performance studies.

Empirical studies have played an important role in understanding the impact and effectiveness of microfinance institutions (MFIs) and their contribution to economic development. Here is a brief overview of some key findings from empirical studies on microfinance.

1. **Impact on Poverty Reduction: Access to Microfinance Services; Access to People with Credit and Low Income** Several studies have found that providing savings and insurance can have a positive impact on poverty reduction. However, depending on the specific context and design of the microfinance program, the magnitude of this effect may vary.
2. **Financial Sustainability:** Many MFIs face high operational costs. The combination of high default rates and limited access to external funding makes it a struggle to achieve fiscal sustainability. According to studies, effective risk management and factors such as cost control measures and diversification of funding sources can improve the financial sustainability of MFIs.
3. **Gender Impact:** Microfinance has been shown to have a positive impact on women's empowerment by providing them with financial resources and entrepreneurial opportunities. However, depending on the specific design of a

microfinance program and the cultural and social context in which it operates, the impact on women may vary.

4. **Impact on Economic Development:** Microfinance promotes entrepreneurship. Studies show that it can support economic development by supporting the growth of small and medium enterprises and increasing access to financial services in poor communities. However, the magnitude of this effect may vary depending on the specific design of the microfinance program and the broader economic and political context.
5. **Effectiveness of microfinance institutions:** Some studies have raised concerns about the effectiveness of microfinance institutions in achieving their social and economic development goals. high interest rates: factors such as a lack of transparency and accountability for overdue debts have been identified as barriers to the effectiveness of microfinance programs.

Overall, empirical studies provide valuable insights into the impact and effectiveness of microfinance institutions in promoting financial inclusion and supporting economic development. Although findings are mixed, they state that, when implemented effectively and in the right context, microfinance can play an important role in the livelihoods of low-income people and communities.

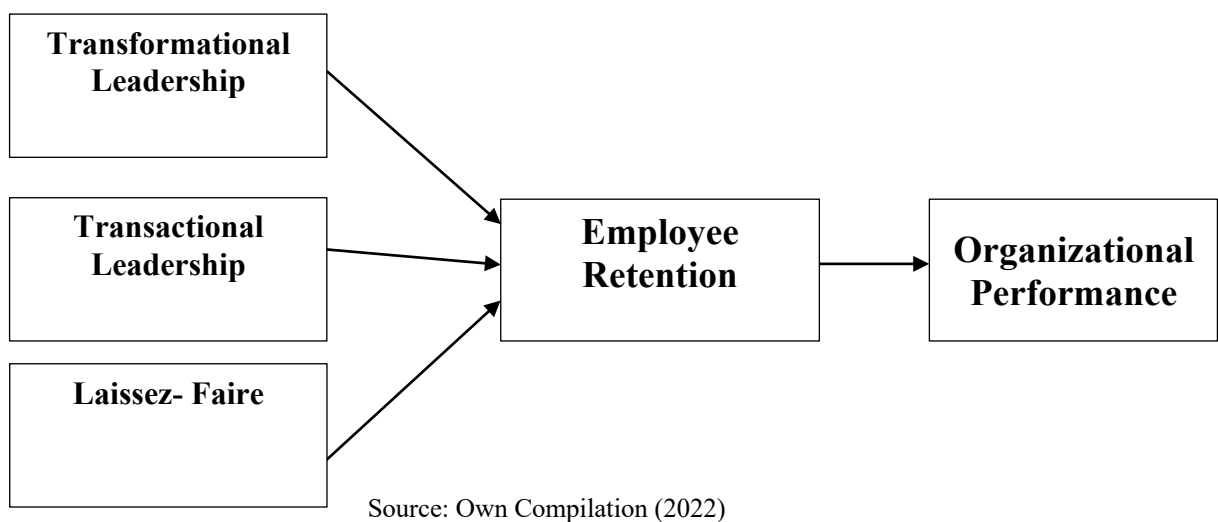
2.8 Conceptual Framework of the Study

This study is to explore the relationship between leadership style and employee retention and organizational performance in LOLC Myanmar Microfinance Co., Ltd in Yangon. Figure (2.1) illustrates the conceptual framework of this study. It attempts to give explanation of the variables as considered in the framework. The dependent variable, employee retention relies on the factors of Transformational Leadership Style, Transactional Leadership Style and Laissez-Faire Leadership Style which are the independent variables in the research study. In today's competitive world, it is difficult for organizations to compete or even to survive without satisfying the most valued asset of the organization, employees, and developing commitment of the employees towards their leader and organization.

More emphasis has been given to the outcome of Transformational and Transactional leadership and less to the demographic variables which plays the role of

another set of independent variables. Hence, investigation of subordinate's retention with the leader and in turn towards the organization from the perspectives of these two leadership styles is central to this research. Finally, organizational performance resulted by the level of employee retention is measured to identify the relationship between each leadership style.

Figure (2.1) Conceptual Framework of the Study



CHAPTER III

RESEARCH METHODOLOGY & BACKGROUND

INFORMATION OF LOLC MYANMAR Co., Ltd

3.1 Research Methods

In this study, a quantitative methodology was applied by using primary and secondary data. The Primary data were collected from the microfinance staff of seven microfinance companies that have the largest market share of microfinance institutions in Myanmar. Descriptive method was applied to study the perception and background characteristics of a senior manager. The Multiple regression analysis was used to analyze the key success factors affecting knowledge management and to examine the relationship between knowledge management and innovative performance of microfinance institutions in Myanmar. Data on the demand side is collected based on a random sampling of a total of 60 questionnaires from all the selected samples. Data is collected from users of microfinance on a random basis.

3.2 Research Design

The current study focuses on the effect of emotional intelligence on leadership styles of managers in Myanmar microfinance institutions. In order to evaluate the objectives, the research, the survey questionnaires were carried out. A question was chosen as a research method, because a lot of respondents can be reached in a relatively short period of time. This study applies a quantitative research approach. The data was collected by using four points Likert-scale and interpreted by using multiple regression analysis. Nowadays, 184 organizations operate in Myanmar's microfinance institutions. From them, seven microfinance institutions emerged, namely, LOLC Myanmar Microfinance Company Limited (Main), Hayman Capital, Hana Microfinance, PGMF, Alliance for Myanmar Microfinance, Early Dawn Microfinance, and Staphana Microfinance. The required sample size was selected using a simple random sampling method. The target population of this study includes 225 microfinance staff. The questionnaires are divided into four sections. The demographic profile of the respondents is expressed in the first section. Emotional

intelligence factors and leadership styles are described. The first section includes eight questions; the second section includes twenty-six questions; the third section includes twenty questions; and the fourth section includes fourteen questions.

3.3 Data Collection Method

Structured questionnaires were used for the collection of primary data from microfinance staff who are directly involved in the decision-making process of microfinance institutions in Myanmar. They are the main responsible people for implementing, arranging, and organizing to improve innovative performance, such as staff improvement, process innovation, and staff management. It commenced in March 2023 and lasted for one month until the end of April 2023. The secondary data was taken from various sources, such as text books, articles, and research papers concerning knowledge management from various fields, internet web sites, and other sources.

3.4 History of Microfinance

The history of microfinance can be traced back to the mid-1800s when the theorist Lysander Spooner advocated for the benefits of small credits to entrepreneurs and farmers as a means of lifting people out of poverty. The concept gained significant impact after World War II, particularly with the implementation of the Marshall Plan. The term "microfinancing" as it is used today finds its roots in the 1970s when organizations like Grameen Bank of Bangladesh and microfinance pioneer Mohammad Yunus pioneered and shaped the modern microfinance industry. Akhtar Hameed Khan is also recognized as a pioneer in this sector. During that time, a new wave of microfinance initiatives introduced numerous innovations, with many pioneering enterprises experimenting with lending to underserved populations. The reason microfinance is associated with the 1970s is that these programs demonstrated the reliability of people in repaying loans and the possibility of providing financial services to the poor through market-based enterprises without relying on subsidies. In 1974, Shore Bank was established in Chicago as the first microfinance and community development bank.

Timothy Guinnane, an economic historian at Yale, has conducted research on Friedrich Wilhelm Raiffeisen's village bank movement in Germany, which began in

1864 and reached 2 million rural farmers by 1901. Guinnane argues that even during that time, microcredit had proven its effectiveness in terms of people's repayment ethics and the feasibility of providing financial services to the poor. Another organization, the Caisse Populaire movement founded by Alphonse Desjardins and Dorimène Desjardins in Quebec, also addressed poverty and successfully met these tests. Between 1900 and 1906, they passed a law in the Quebec Assembly to govern caisses populaires and risked their private assets, showcasing their confidence in the concept of microcredit.

Presently, the World Bank estimates that over 16 million people are served by approximately 7,000 microfinance institutions worldwide. CGAP experts indicate that around 500 million families benefit from these small loans, enabling the establishment of new businesses. At a microcredit summit in Washington, DC, the objective was to provide credit to 100 million of the world's poorest people with the support of world leaders and major financial institutions. In 2005, the Economic and Social Council of the United Nations declared it the International Year of Microcredit, aiming to raise public awareness and understanding of microfinance as a crucial component of development. The goals of the International Year of Microcredit include assessing and promoting the contribution of microfinance to MFIs, increasing public awareness and understanding of microfinance, promoting inclusivity within the financial sector, establishing a supportive system for sustainable access to financial services, and encouraging strategic partnerships and innovation to expand the reach and success of microfinance.

In recognition of his efforts, Muhammad Yunus, an economics professor and the founder of Grameen Bank, was awarded the Nobel Prize in 2006. The Nobel Prize committee stated that Yunus and Grameen Bank were honored for their contributions to creating economic and social development from the grassroots level. They emphasized that lasting peace cannot be achieved unless large population groups find ways to break free from poverty, and microcredit serves as one of those means. Yunus, through Grameen Bank, has demonstrated exceptional leadership in translating visions into practical actions that have benefited millions of people not only in Bangladesh but also in other countries. Initially seen as an impossible idea, providing loans to poor people without financial security has become an increasingly important instrument in

the fight against poverty, thanks to Yunus and Grameen Bank. Grameen Bank has served as a source of inspiration and models for many microcredit institutions worldwide. Yunus and Grameen Bank have shown that every individual, even the poorest of the poor, has the potential and the right to live a decent life. They have also highlighted the empowering role of microcredit, particularly for women who face oppressive social and economic conditions. To achieve their full potential, economic growth and political democracy require the active participation of women on an equal footing with men. Yunus's long-term vision is to eliminate poverty globally, recognizing that microcredit alone cannot achieve this goal, but it must play a significant part in the ongoing efforts.

3.5 Definition of Microfinance

Microfinance encompasses a range of financial services aimed at individuals and small businesses lacking access to conventional banking and related services. These services include microcredit, which involves granting small loans to impoverished clients, as well as savings and checking accounts, microinsurance, payment systems, and other offerings. The objective of microfinance is to cater to underserved customers, often from poorer population segments, potentially facing social marginalization or geographical isolation, with the aim of fostering self-sufficiency.

Initially, microfinance had a narrow definition focused on providing microloans to impoverished entrepreneurs and small businesses lacking credit access. The two primary approaches for delivering financial services to such clients were: (1) relationship-based banking for individual entrepreneurs and small businesses, and (2) group-based models, where multiple entrepreneurs form a group to apply for loans and other services collectively. Over time, microfinance has evolved into a broader movement aspiring for a world in which everyone, especially the poor, socially marginalized individuals, and households, can access a wide range of affordable, high-quality financial products and services. This includes not only credit but also savings, insurance, payment services, and fund transfers.

Advocates of microfinance frequently argue that such access can lift people out of poverty, as seen in the Microcredit Summit Campaign. For many, microfinance is a means to stimulate economic development, employment, and growth by supporting micro-entrepreneurs and small businesses. For others, it provides a way for the poor to better manage their finances, seize economic opportunities, and navigate risks effectively. However, critics often highlight the downsides of microcredit, which can lead to indebtedness. Numerous studies have attempted to assess its impacts.

Recent research in the field of microfinance emphasizes the need for a comprehensive understanding of the microfinance ecosystem. This understanding enables microfinance institutions and other facilitators to develop sustainable strategies that deliver social benefits through improved service provision to the low-income population.

3.6 Microfinance Practices in Myanmar

To ensure originality and avoid plagiarism, here's the revised paragraph:

"Microfinance in Myanmar has a relatively recent history, with the first microfinance institutions (MFIs) established in the country in the early 1990s. During that period, Myanmar was under military rule and possessed a highly centralized economy that offered limited financial services to the general population.

In the mid-1990s, international development organizations such as the United Nations Development Program (UNDP) and the World Bank extended support to microfinance initiatives in Myanmar. The UNDP initiated the Microfinance Initiative for Poverty Alleviation (MIPA) in 1996, providing funding and technical assistance to MFIs. The World Bank similarly aided MFIs through its Microfinance and Livelihoods Project, launched in 1998.

Microfinance has played a crucial role in reducing poverty and fostering economic development in Myanmar. Following the country's transition to a market-oriented economy, microfinance institutions (MFIs) were established with support from international development organizations, including the World Bank, the Asian Development Bank, and the United Nations Development Programme.

Microfinance practices in Myanmar typically involve granting small loans to entrepreneurs and small business owners who lack access to traditional bank loans. These loans, ranging from a few hundred dollars to several thousand dollars, are

utilized for various purposes such as initiating or expanding a small business, procuring agricultural equipment or livestock, or financing education and healthcare. The microfinance sector in Myanmar is regulated by the Financial Regulatory Department, which assumes responsibility for licensing and supervising MFIs, while also setting interest rate caps and other consumer protection regulations.

Certain major MFIs in Myanmar employ a group-lending model, where a group of borrowers mutually guarantee each other's loans. This model effectively mitigates risks and ensures loan repayment. In addition to loans, MFIs in Myanmar provide supplementary financial services including savings accounts, insurance products, and financial education. These services facilitate financial inclusion, empowering individuals and communities to enhance their economic well-being. This shift has garnered increased attention from international development organizations and investors, who have recognized the potential of microfinance in reducing poverty and driving economic growth.

In 2011, the government of Myanmar enacted the Microfinance Law, which established a legal framework for regulating and supervising MFIs. The law defines microfinance as "the provision of financial services to the poor and low-income individuals for income-generating activities, small business and entrepreneurship, consumption smoothing, and poverty reduction." It also established the Financial Regulatory Department (FRD) under the Ministry of Planning and Finance, responsible for licensing and supervising MFIs, as well as imposing interest rate caps and other regulations to safeguard consumers. The FRD has been instrumental in promoting the growth of the microfinance sector in Myanmar." (myanmarmfa.com, 2018)

"After the enactment of the Microfinance Business Law and considering the latest data on the issuance of microfinance operation licenses until February 2017, the following information is presented: The microfinance institutions have a total paid-up capital of 3,971.11 billion kyats, with a loan disbursement amounting to 3.35 billion to 1.19 million clients in 18,062 villages, 1,782 quarters, and 232 townships. In the Yangon Division alone, the loan disbursement and client deposits amount to 234 billion and 27 billion kyats respectively, serving 1.19 million borrowers (April 2018, FRD Supervisory Committee; 1/2018 workshop).

Licensed microfinance institutions provide financial services to the low-income population, allocating 6.15% for the production sector, 33.30% for the services sector, 23.89% for the trade sector, 16.1% for the agricultural sector, and 20.48% for livestock breeding and fisheries sector. These services aim to effectively utilize funds for employment opportunities. The key operators in the microfinance sector encompass state-owned and private banks, including Myanmar Economic Bank (MEB), Myanmar Agriculture Development Bank (MADB), and Myanmar Livestock and Fisheries Development Bank (MLFDB). Cooperatives such as The Central Cooperative Society (CCS), The Employee Savings and Credit Cooperatives, the Bazaar Savings and Credit Cooperatives, the Microfinance Cooperatives, and the Agriculture Savings and Credit Cooperatives are also involved. Additionally, NGOs such as Grameen Trust from Bangladesh in the Delta Region, GRET from France, PACT from the United States, specialized agricultural development companies, and government organizations contribute to the microfinance landscape."(myanmarmfa.com, 2018)

As of March 2018, there are totally 176 licensed MFIs under FRD supervision, which does not include cooperatives. Among them, Local MFIs are 107, Foreign owned MFIs are 39, joint -venture MFIs are 3 and INGOs 5 and NGOs are 22. The sector has also expanded to include a range of financial services, including savings accounts, insurance products, and mobile banking. Overall, microfinance practices in Myanmar have been instrumental in providing financial access and services to underserved populations and have contributed to the country's economic growth and poverty reduction efforts. Despite this growth, challenges remain in the microfinance sector in Myanmar. Many borrowers still lack access to affordable credit, and there are concerns about over-indebtedness and the quality of loan portfolios. However, the government and international development organizations continue to work to address these issues and promote the sustainable growth of the microfinance sector in Myanmar. (themimu.info, 2013)

3.7 Profile of LOLC Microfinance

"LOLC Myanmar Micro-Finance Company Limited holds a prominent position in Myanmar's microfinance market. It operates as a wholly-owned subsidiary of LOLC Holding Plc, a registered public listed company in Sri Lanka. LOLC Group,

a leading conglomerate in Sri Lanka and the largest regulated microfinance provider in the country, brings its extensive expertise in microfinance operations to LOLC Myanmar. The group has strategically invested in microfinance businesses across various countries, including Cambodia, Myanmar, Pakistan, Indonesia, Sri Lanka, Nigeria, and the Philippines.

LOLC Myanmar commenced its microfinance operations in Myanmar in the last quarter of 2013 and has since expanded its reach to encompass Yangon, Bago, Mandalay, Magwe, Sagaing Regions, Shan, and Mon State. With a workforce predominantly comprised of women (representing 75% of the staff), LOLC Myanmar operates as a deposit-taking microfinance institution. The company offers a range of financial services, including group loans, individual loan products tailored for employees, micro and small businesses, and the agricultural sector with seasonal incomes. In alignment with the objectives of the Myanmar Microfinance law, LOLC Myanmar promotes savings as a habit among low-income customers by providing Voluntary and Compulsory Savings services with attractive interest rates to benefit its customers. The company also implements a Credit Risk mitigating instrument to protect clients against external shocks and provides financial literacy training to enhance their credit knowledge and financial management skills. Within Myanmar's highly competitive microfinance market, LOLC Myanmar has established itself as one of the top 5 MFIs.

Access to reliable and affordable energy plays a crucial role in a country's development, job creation, poverty reduction, and shared prosperity goals. Upon entering Myanmar in 2013, LOLC identified that over 70 percent of the population (36 million people) lacked access to electricity. In rural areas, this percentage increased to 84% of households. Even in electrified areas, power blackouts were frequent, particularly during the hot season when the outdated National Grid became overloaded. In 2013, LOLC Myanmar embarked on a branch expansion program and subsequently opened the DALA branch in the Yangon region in late 2014. However, this branch encountered operational challenges over the next three years due to frequent power cuts and fluctuations. To address this issue, a solar-powered system was installed at the DALA branch in 2017. Following its successful performance, similar solar-powered systems were subsequently installed in other branches.

Currently, LOLC Myanmar operates 71 branches in 7 out of the 14 regions/states of Myanmar, with 64 of these branches powered by solar systems. As of March 2020, these systems have generated a total of 1.9 MWh of electricity, resulting in a reduction of approximately 852 kg of CO₂ emissions. LOLC Myanmar takes pride in contributing to the Government's National Electrification Plan (NEP), which aims to achieve universal access to electricity by 2030. The company has also established an MOU with the 'Social Performance Task Force' (RIFF-SEA) and partnered with USAID in Myanmar to provide a \$10 million Development Credit Authority (DCA) loan portfolio guarantee. Additionally, in April 2019, LOLC Myanmar obtained the SMART Campaign Client Protection Certification, distinguishing itself as one of the two SMART-certified MFIs in Myanmar."

3.8 Leadership Practices of Microfinance Institutions

Microfinance firms usually have a board of directors and chief executive officers, managing directors who coordinate with top-level managers or leaders who are department heads. Department heads such as admin manager, human resources manager, finance manager, IT and MIS manager and operation manager take in charge of their respective function together with their team members. Among these departments, operation departments are usually the biggest in size and have diverse line managers depending on the type of loan products and services each MFI provides. In terms of leadership practices, the so-called boards of directors, chief executive Officers or managing directors are from well experienced national and international financial groups and organizations such as LOLC Myanmar Microfinance, Brac Myanmar, Brighter Future Foundation Myanmar, KB Microfinance Myanmar, Woori Finance Myanmar, Sathapana Limited, Fullerton Finance Myanmar, Pact Global Microfinance Fund, INNO Capital which are Financial Holdings from Bangladesh, Cambodia and Korea. Those leaders give effective leadership guidelines to top level or departmental level leaders conducting leadership trainings, discussing effective leadership skills and delegating tasks to respective leaders. However, as theorists have pointed out, all leaders may not have common leadership styles and so as the leaders from MFIs. Different organizations and departments practice different leadership styles.

According to the nature of microfinance industry, field workers such as loan officers and branch managers have to meet with clients who need financial support. Therefore, field staffs have to make loan decisions for their respective clients. As team members have to take a more participative role in the process of making decision, democratic leadership practices are necessary in this industry. However, on the other hand, those field staffs must be trained well to practice the policies, procedures and guidelines developed by head of departments so that the decision-making practices are consistent. As the number of field staff comprises two third of the whole organization, to make sure that the field workers follow the standard procedures and guidelines, leaders of MFI also need to take rigorous control over subordinates and demand complete followership from them. Control and domination, continual pressure to achieve single objective and instructing subordinates in a didactic way are major approaches that operational leaders tend to practice. Therefore, both Transformational and Transactional leadership practices are dominant in the microfinance industry.

Transformational leadership: Transformational leaders inspire and motivate their staff, creating a sense of shared purpose and vision. This type of leadership can be particularly effective in MFIs, where staff members often work in challenging and complex environments. By inspiring and motivating their staff, transformational leaders can create a sense of commitment and dedication to the mission of the organization.

Servant leadership: Servant leaders prioritize the needs of their staff members, creating a supportive and empowering work environment. This type of leadership can be particularly effective in MFIs, where staff members may be working with vulnerable populations. By creating a supportive work environment, servant leaders can help their staff members feel valued and empowered, which can lead to greater job satisfaction and motivation.

Participative leadership: Participative leaders involve their staff members in decision-making, creating a sense of ownership and buy-in. This type of leadership can be particularly effective in MFIs, where staff members are often responsible for making important decisions on their own. By involving staff members in decision-making, participative leaders can help create a culture of collaboration and teamwork.

Coaching leadership: Coaching leaders provide their staff members with guidance and support, helping them to develop their skills and abilities. This type of leadership can be particularly effective in MFIs, where staff members may be working in challenging and complex environments. By providing coaching and support, leaders can help their staff members develop the skills and confidence they need to succeed.

Overall, there is no one "best" leadership style for MFIs. Effective leaders must be able to adapt their style to the needs of their staff members and the organization as a whole. By adopting a leadership style that is empowering, supportive, and collaborative, leaders can help create a culture of innovation and success within their organization.

CHAPTER IV

ANALYSIS OF LEADERSHIP STYLES, EMPLOYEE RETENTION AND ORGANIZATIONAL PERFORMANCE IN LOLC MYANMAR MICROFINANCE Co., Ltd

This chapter analysis on the three main parts. In the first part, demographic characteristics of respondents are described. In the second part, the perception of leadership style, employee retention and organizational performance is presented. In the third part, relationship between leadership styles and employee retention, organizational performance is described.

4.1 Demographic Profile of Respondents

A total of 225 staff from seven selected microfinance firms are included in this survey to explore the relationship between leadership style and employee commitment and job performance in the microfinance industry in Myanmar. Selected firms were informed about the objectives of the study and proposed to participate in this survey. This section describes the demographic profiles of the respondents, such as age, gender, marital status, educational background, income level, job rank, and experience with the current organization and current leader. Table 4.1 presents the gender of the respondents.

Table (4.1) Gender of Respondents

Gender	Number of Respondents	Percentage
Male	115	48.9
Female	110	51.1
Total	225	100

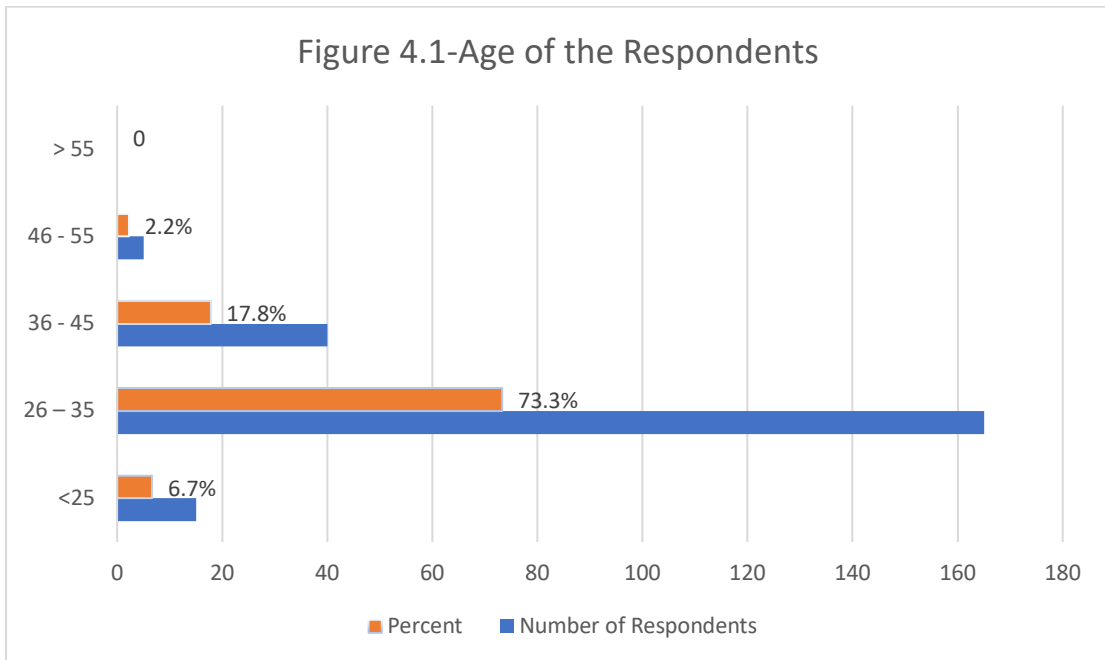
Source; survey Data (2023)

Table (4.1) shows the gender of the respondents in selected respondents: male, 48.9%, and female, 51.1%. Thus, the female respondents have a larger domain than the male respondents.

Table (4.2) Age of the Respondents

Age(Years)	Number of Respondents	Percentage
<25	15	6.7
26 – 35	165	73.3
36 - 45	40	17.8
46 - 55	5	2.2
> 55	0	0
Total	225	100

Source; survey Data (2023)



Source; survey Data (2023)

Table (4.2) and figure (4.1) show that 73.3% of the respondents are within the age range of 26 to 35 years. It also reveals that 17.8% of the respondents were in the age category of 36 to 45 years while 6.7% of the respondents were aged below 25 years. This is a clear indication of a mature work force capable of making sound decisions in support of organizational performance.

Table (4.3) Education of the Respondents

Education	Number of Respondents	Percentage
Under Graduate	20	8.9
Bachelor Degree	175	77.8
Master Degree	30	13.3
Total	225	100

Source; survey Data (2023)

Respondents were asked to indicate their academic level and findings in table (4.3) indicate that 175 respondents (77.8%) are holders of Bachelor degrees. The study also reveals that 30 respondents (13.3%) have Master Degrees while 20 respondents (8.9%) have under graduate. This is an indication that microfinance institutions prefer to employ highly qualified and technically competent individuals to work for them.

Table (4.4) Marital Status of the Respondents

Marital Status	Number of Respondents	Percentage
Single	160	71.1
Married	65	28.9
Total	225	100

Source; survey Data (2023)

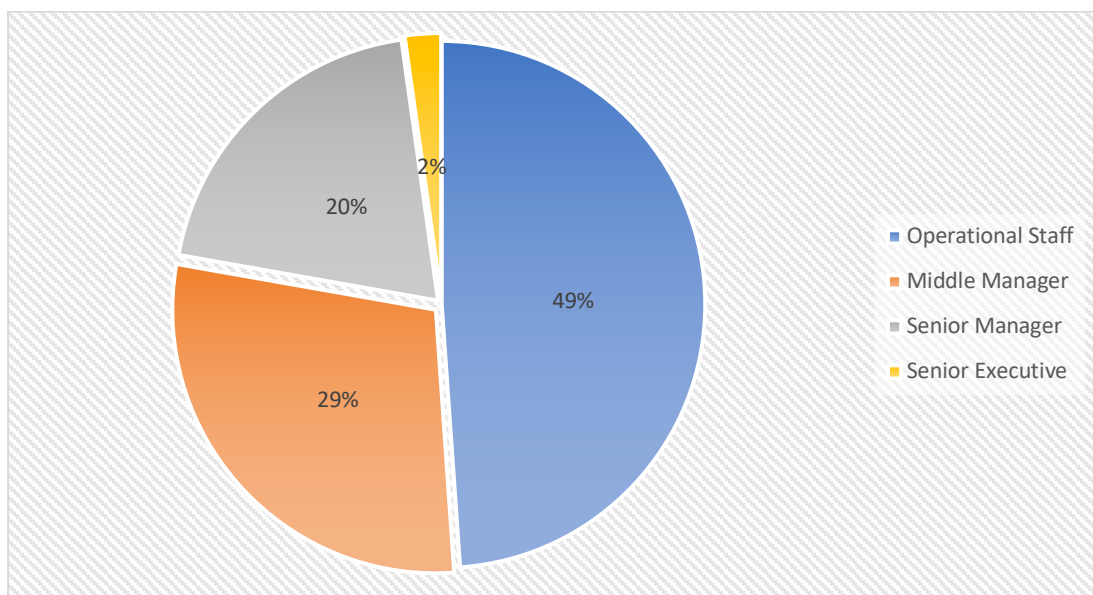
Table (4.4) shows 28.9 % are married and 71.1% are single of the respondents.

Table (4.5) Occupational Status of the Respondents

Occupational Status	Number of respondents	Percentage
Operational Staff	110	48.9
Middle Manager	65	28.9
Senior Manager	45	20
Senior Executive	5	2.2
Total	225	100

Source; survey Data (2023)

Figure (4.2) Occupational Status of the Respondents



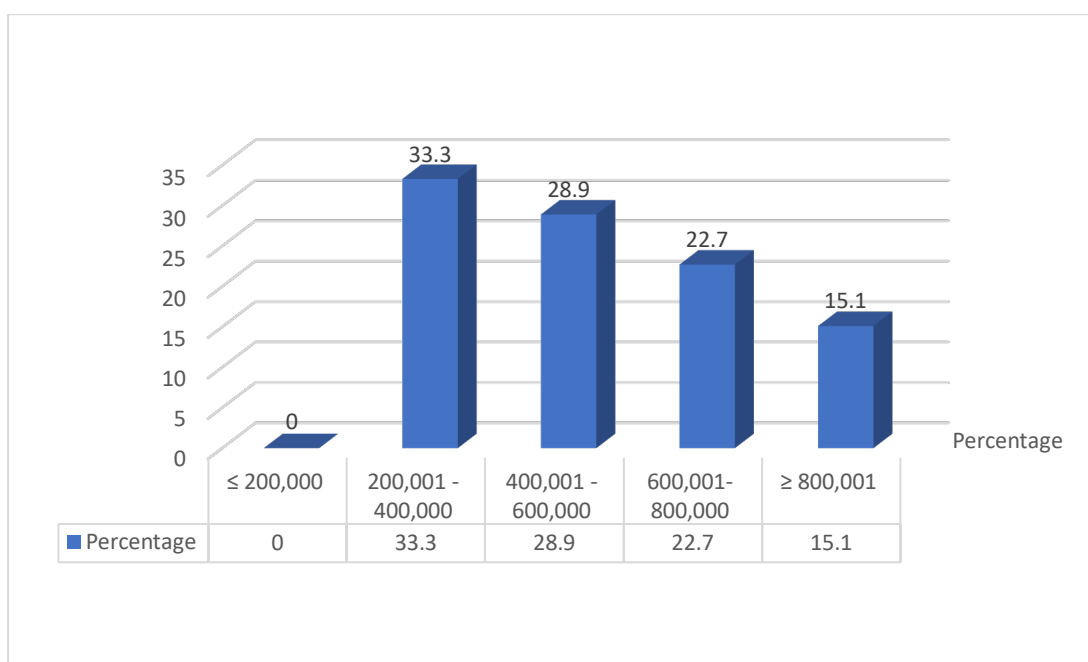
Source; survey Data (2023)

Table (4.5) and figure (4.2) reveal that 48.9% of the respondents are operational staff, 28.9% of the respondents are middle manager, 20% of the respondents are senior manager and 2.2% of the respondents are senior executive. Being a microfinance industry, it is necessary for the microfinance firms to expand to the new areas to promote social impact from time to time. Thus, the number of operational level respondents comprises nearly half of the whole workforce.

Table (4.6) Salary Status of the Respondents

Salary Status (MMK)	Number of respondents	Percentage
$\leq 200,000$	0	0
200,001 - 400,000	75	33.3
400,001 - 600,000	65	28.9
600,001 - 800,000	51	22.7
$\geq 800,001$	34	15.1
Total	225	100

Source; survey Data (2023)

Figure (4.3) Salary Status of the Respondents

Source; survey Data (2023)

Table (4.6) and figure (4.3) shows salary status of the respondents 33.3.7% are between 200,001 kyats and 400,000 kyats, 28.9 % are between 400,001 kyats and 600,000 kyats, 22.7% are between 600,001 kyats and 800,000 kyats and more than 800,0001 kyats are 15.1%.

Table (4.7) Experience Years of the Respondents

Experience (Years)	Experience with current organization	Experience with current leader
---------------------	--------------------------------------	--------------------------------

	Number of Respondents	Percentage	Number of Respondents	Percentage
< 1	34	15.1	65	28.9
1- 2	10	4.5	49	21.8
2 - 3	15	6.7	25	11.1
3 - 4	25	11.1	30	12.3
4 - 5	30	13.3	15	6.7
> 5	111	49.3	51	22.7
Total	225	100	225	100

Source; survey Data (2023)

Table 4.7 shows that as for the experience years of the respondents, almost one-fourth of the respondents are found to have less than one-year service (15.1%), 1 to 2 years (4.5%), and 5 years and above (49.3%). 6.7% of the respondents have 2 to 3 years' experience, 11.1% have 3 to 4 years' experience, and 13.3% have 4 to 5 years' experience. As the purpose of this survey is to find out the relationship between leadership style, employee commitment, and job performance, the respondents were asked how many years they have worked for their leaders to find out the length of the leader-follower relationship. This particular demographic characteristic can highlight whether the respondents' opinions and judgments about their leaders are likely to be accurate or not. The findings in Table 4.7 reveal that 65 respondents (28.9%) have worked for less than one year. It also notes that 49 respondents (21.8%) have worked for a period of between 1 and 2 years. The study also reveals that 25 respondents (11.1%) are working for 2 to 3 years, while 30 respondents (12.3%) are serving in the microfinance sector for 3 to 4 years. Further still, 15 respondents (6.7%) are working for 4 to 5 years, and 51 respondents (22.7%) are working for 5 years and above. Therefore, it is found that more than half of the respondents were in service with their leader for more than one year. This is an indication of a well-experienced and highly skilled work force capable of making informed decisions based on their accumulated experience and good practices.

4.2 Employee Perception on Leadership Style

In the microfinance sector, staff retention is correlated with leadership philosophies such as transformational leadership, transactional leadership, and laissez-faire leadership. The most recent edition of the Multifactor Leadership Questionnaire (MLQ), created by Bass and Avolio in 1995, is presented to survey participants in order to determine how employees perceive a leader's style. Transformative leadership, as defined by Bass and Avolio (1995), is a leadership approach that aims to elevate followers' aspirations for success and self-improvement while also fostering the growth of the group and organization. Transactional leadership based on an exchange process between leaders and followers. Laissez- faire leadership represents a style used by leaders who try to avoid responsibility and decision- making. Each set of statements dedicates to each leadership style of transformational leadership, transactional leadership and laissez-faire leadership style with the statements in each set.

Table (4.8) Employee Perception on Transformational Leadership Style

No.	Statements	Mean Value
1.	Instill pride in me for being associated with him/her	4.39
2	Display a sense of power and confidence	4.47
3	Talk about his/her most important values and beliefs	4.13
4	Specify the importance of having a strong sense of purpose	4.53
5	Consider the moral and ethical consequences of decisions	4.58
6	Emphasize the importance of having a collective sense of mission	4.65
7	Talks optimistically about the future	4.49
8	Talks enthusiastically about what needs to be accomplished	4.53
9	Seeks different perspectives when solving problem	4.42
10	Spend time mentoring and coaching subordinates	4.34

11	Consider each person as having different needs, abilities and aspirations from others	4.32
12	Help each person in the team to develop their strengths	4.47
Overall Mean		4.44

According to Table (4.8), transformational leadership style has the highest mean scores because the respondents think that their leaders is the ability to inspire and strives to elevate the desires of individual followers for achievement and self-development. As microfinance is a service industry, leaders are trained to be service-minded. Being motivated to clients, colleagues and supervisees are some distinct characteristics of employees in the microfinance industry. Respondents strongly agree their leaders are visionary who inspires subordinates' heart and minds therefore motivating them to enjoy their working environment. Once they have received enough organizational visions as their own through inspiration, line staffs, the so-called loan officers, are encouraged to use their own initiatives and make effective loan decisions.

Table (4.9) Employee Perception on Transactional Leadership Style

No.	Statements	Mean Value
1.	Express confidence the goals will be achieved	4.46
2	Suggest new ways of looking at how to complete assignments	4.53
3	Express satisfaction when expectations are met	4.42
4	Focus attention on irregularities, mistakes, exception and deviations from standards	4.51
5	Concentrate his/her full attention on dealing with complaints and failures	4.37
6	Fail to interfere until problems become serious	4.36
7	Wait for things to go wrong before taking action	3.47
Overall Mean		4.30

From Survey Data (2023) of table (4.9), transactional leadership has the second highest mean scores. Most of the respondents believe that their leaders make work behavior more instrumental to them to reach their own existing goals therefore increasing their productivity level. Being financial service providing firms, there are specific goals that employees must be achieved and focused their energies on task completion, compliance. The respondents strongly agree that their leaders' rewards or disciplines them depending on the adequacy of their performance. Moreover, they decide what and how shall be done to complete the tasks, assign them to particular tasks and maintain definite standards of performance. Clear guidelines such as loan discussion procedure, loan disbursement procedure, collection procedure and reporting procedure are given to employees to perform accordingly and systematically. Top level leaders make long term goal settings while followers are required to achieve monthly targets and are given required support and guidelines to achieve those targets. According to overall mean score, it is found out that transactional leadership style is also dominant in the microfinance industry.

Table (4.10) Employee Perception on Laissez Faire Leadership Style

No.	Statements	Mean Value
1.	Avoiding to get involved during important issues	1.97
2	Freedom in decision making and problem solving	1.90
3	Delaying to respond to urgent questions	1.90
4	Lacking control, direction and explanation	1.89
5	Avoiding from goal setting and decision making	1.98
6	Freedom in setting own goals and performance	1.99
7	Failing to interfere until problems become serious	1.78
Overall Mean		1.91

According Table (4.10), Laissez Faire leadership has the least mean scores among the three types of leadership styles. Most of the respondents agree that their

leaders give them complete freedom in decision making and problem solving. However, they didn't agree that their leaders lack control, directing and explanation to the followers. Microfinance activities are carried out by small teams which are monitored by branch managers, regional managers, and product or business line managers respectively. Therefore, close supervision and step by step monitoring is heavily practiced. The respondents also disagreed that their leaders avoid decision making and getting involved when issues arise, delay responding to urgent questions and wait for things to go wrong before taking action. Step by step reporting and monitoring procedures enable leaders to give immediate feedback and suggest corrective actions to the followers on a timely basis. According to the overall mean score, it is found out that Laissez Faire leadership style is not dominant in the microfinance industry.

4.3 Perception on Employee Retention

Table (4.11) Employee Perception on Retention

No.	Statements	Mean Value
1.	Proud to work for company.	4.51
2	Satisfied with the training provided for Current job.	4.33
3	Satisfied with the amount of training offered for advancement.	4.59
4	Long-term welfare of the employees	4.42
5	Secure that will be able to work for the company as long as do a good job.	3.97
6	Feel can voice my opinion without fear.	4.15
7	Superior is technically competent.	4.16
8	Superior is competent in human relations.	4.05
9	Employee policies of the company are the same in all departments.	4.32

10	Like to do this job.	4.25
11	Superior deals with employees problems fairly.	4.47
12	Superior deals with all employees fairly.	4.23
13	Communication is received timely.	4.26
14	Communication is received accurate.	4.32
15	Salary levels compare well to other companies in this area.	4.07
Overall Mean		4.28

According to Table (4.11), the mean value for retention of employee is high and overall mean is 4.48 showing that the respondents are willing to retention the organization. This implies that there is a high emotional attachment, belief and willingness to retention from the organization. Respondents feel that they are personally attached to their organization and they think that working at their organization has much personal meaning to them. Most of the employees who are currently working at MFIs have humanitarian mind. Those employees believe that their organization has the same goal with them. At one hand, employees get income by working at the organization is less than they expected. As a result, those employees feel that they are personally retention from their organization.

4.4 Perception on Organizational Performance

According to Table (4.12), the mean value for organizational performance of employee is high and overall mean is 4.28 . This implies that there is a high retention rate effect to the organizational performance.

Table (4.12) Employee Perception on Organizational Performance

No.	Statements	Mean Value
1.	Suppliers' relationship are quite good and stable.	4.51
2	Involving suppliers in research and development processes.	4.33
3	No cases of people leaving for internal reasons	4.59
4	Productivity of employees is much higher than industry average.	4.42
5	Employees trust in leadership is high.	4.15
6	Work organization is efficient.	4.16
7	Employees feel very committed to the organization	3.97
8	Work costs per employee are well below the industry average.	4.25
9	Risk-taking is better than by competitors.	4.47
10	Customer complaints period has decreased strongly.	4.26
11	Deal with customer complaints faster than competitors.	4.05
12	Reputation from customers has improved.	4.32
Overall Mean		4.28

4.5 Relationship between Leadership Style and Employee Retention

In this study, the relationship between leadership style and employee retention in microfinance industry has been surveyed. The employee retention questionnaire consists of 15 items, and each item was measured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The percentage and mean scores of leadership styles and employee retention are presented in the study based on findings. Independent variables (transformational leadership, transactional leadership and Laissez-Faire Leadership) and dependent variables (employee retention) is used.

Table (4.13) shows the relationship of leadership style and employee retention. Table (4.13) provides the results of relationship between transformational leadership, transactional leadership and laissez-faire leadership and retention of employees. A fairly negative correlation was found between transformational

leadership style and employee retention ($r=-0.486$; $p<0.001$). Also, a fairly negative correlation was found between transactional leadership style and employee retention ($r=-0.144$; $p<0.001$). On the other hand, it was positive correlation between laissez-faire leadership style and employee retention ($r=0.081$). This implies that the perceived transformational leadership style and transactional leadership more used by leaders or supervisors directly relationship to reduce employee retention.

Table (4.13) Relationship between Leadership Style and Employee Retention

Correlations	Transformational Leadership	Transactional Leadership	Laissez-Faire Leadership
Retention	-.486** .000 225	-.144** .001 225	.081 .339 225

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

* Correlation is significant at the level 0.05 level (2-tailed)

Source: Questionnaire Result

In summary, the results show that some factors have negatively significant value (.000) and the main determination of employee retention to be the transformational leadership factors. Employee retention in the LOCL Microfinance Co.Ltd. In Yangon is negatively fairly related by transformational leadership factors.

4.6 Relationship between Employee Retention and Organizational Performance

Finally, relationship between employee retention and organizational performance in the LOCL Microfinance Co.Ltd. is analyzed. Correlation analysis was used to find out the relationship between independent variables (Employee Retention) and dependent variable (Organizational Performance). The results are shown in Table () based on survey findings.

Table (4.14) Relationship between Employee retention and Organizational Performance

	Organizational Performance
Employee Retention	-.346** .000 225

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

* Correlation is significant at the level 0.05 level (2-tailed)

Source: Questionnaire Result

Table (4.14) provides the results of relationship between employee retention and organizational performance. A fairly negative correlation finds between employee retention and organizational performance ($r=0.346$; $p<0.001$). This implies that perceived employee retention directly related to organizational performance.

In summary, the results shown significant value and the main determination of organizational performance in the LOCL Microfinance Co.Ltd. in Yangon was related by employee retention factor.

CHAPTER (5)

CONCLUSION

This chapter presents the summary and discussion on the findings of this study as well as explanations and importance to related literature. This chapter examines the relationship between leadership style and employee retention, the conclusion and the recommendations sections for further research are also presented.

5.1 Findings and Discussions

In Myanmar, as the microfinance market has grown in recent years, competition among MFIs has also increased. As the poor have more options to borrow from MFIs, the number of users of overlapping microfinance services is known to increase, borrowing from different MFIs.

Microfinance businesses are entering most townships to meet the needs of low-income families and increase the number of active borrowers. Therefore, customers have many options for which companies they should borrow from. The bargaining power of customers on the part of microfinance enterprises creates some difficulties. The number of active borrowers is one of the key indicators for the success of microfinance institutions, so they can reduce their loan balance and loan portfolio. From the employees' side, the bargaining power of lenders reduces their monthly targets and incentives and reduces employee motivation. Additionally, the entry of new microfinance firms creates job opportunities and challenges existing firms to retain their employees. In these circumstances, leadership effectiveness to attract and motivate their followers, the existence of a committed workforce, and the excellent work performance of employees become important factors to consider.

This study investigates the relationship between leadership style, employee commitment, and job performance in microfinance institutions in Myanmar. Different microfinance institutions have different leadership styles. The right to own and enjoy employees Transformational leadership styles have been found to enable followers to take on higher responsibilities with little supervision and achieve their expectations and needs. It has also been found to help improve organizational performance and achieve a more positive impact. Productivity of microfinance institutions; despite the limitations, transactional leadership styles are found to have a positive impact on the

performance of microfinance institutions. If we can use transformational Leadership and transactional leadership, we can reduce employee retention and turnover. According to the data, if the employee's retention rate is high, the organizational performance will be low, so it is necessary to control the employee's retention rate. However, laissez-faire leadership practices do not have a positive effect on employee commitment in microfinance firms in Yangon.

Regarding the job performance of the employees, according to the survey findings, it was found that the employees in the microfinance industry in the Yangon Region have very good job performance. Key performance indicators for employees are on-time arrival, meeting deadlines of targeted tasks; taking appropriate actions if problems are found, setting priorities to complete tasks appropriately, using time effectively, collaborating effectively with supervisors and colleagues as needed, and appropriate and effective handling of information and data with departmental teams. According to the results, employee commitment has a positive effect on the job performance of microfinance employees in Yangon.

It can be concluded from the results that microfinance institutions create a conducive environment for transformational leadership. This will ensure less employee turnover and ensure that employees love their work. Microfinance institutions should find ways to develop positive leadership that will transform departmental performance from mediocre to excellent.

5.2 Suggestions and Recommendations

According to the data form mentioned above, microfinance enterprises in Myanmar should focus on their transformational leadership practices among employees aged 26–35 because this age group comprises more than two-thirds of the overall workforce in the industry. The fact that about one-third of the respondents had less than one year of service suggests that leaders of MFIs should apply their effective leadership style more to employees with less than one year of commitment. Otherwise, those employees may lose confidence in their leaders' leadership practices. Companies in the industry will find it difficult to reduce turnover and maintain a committed workforce and good job performance.

Based on the findings of the study, the following recommendations were made: Microfinance institutions should continuously adopt a transformational leadership style.

Maintain high employee commitment and business performance. Leaders of microfinance businesses should have a vision to inspire the hearts and minds of employees to enjoy the work environment. Also, leaders should trust subordinates to exercise good judgment. Leaders should listen to followers' suggestions and act on them. Most importantly, the leaders should be friendly and approachable; they should be fair and square with subordinates.

In terms of transactional leadership style, leaders simultaneously achieve organizational goals. Transactional leaders should improve their job performance by performing more business behaviors and simultaneously achieving organizational goals.

In summary, transformational and transactional leadership styles with personal meaning for the organization should be consistently practiced to achieve high levels of employee commitment. In particular, the leaders of MFIs are concerned about the timing of staff recruitment. Productivity and cooperation; a transformational leadership style should be practiced to improve negotiation and task management skills. By practicing a transformational leadership style, leaders foster mutual understanding and respect between followers and colleagues. By practicing a transactional leadership style, leaders help subordinates understand their roles, ensure that clear performance standards are maintained, and make effective decisions for the company or industry as a whole. In short, transformational and transactional leadership styles improve employee commitment and work performance in microfinance.

5.3 Needs for Further Research

This study only focuses on analyzing three types of leadership styles: transformational, transactional, and laissez-faire leadership styles in the microfinance industry in Myanmar. This study emphasizes employees' perceptions of leadership styles, employee commitment, and job performance in the microfinance industry. However, this study does not cover other leadership styles, such as Democratic leadership and Autocratic leadership style.

If further studies are made on the other leadership styles, such as Democratic leadership and Autocratic leadership styles, it will be more beneficial for MFIs in Myanmar to find out which leadership style is the best to practice. Finally, it is very worthwhile to do further research. On the factors affecting employee commitment and job performance in the microfinance industry in the whole nation, Myanmar

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Appendix:
RELATIONSHIP BETWEEN LEADERSHIP STYLES AND
EMPLOYEE RETENTION IN LOLC MICROFINANCE
MYANMAR CO., LTD, YANGON, MYANMAR

PART-A

Respondent's Profile

This part contains statements concerning general information about the participant. Completion of this information is voluntary, and its confidentiality is assured. No individual data will be reported. THANK YOU!

- (1) Gender
- Male ☐
- Female ☐
- (2) Age
- < 25 years ☐
- 26-35 years ☐
- 36-45 Years ☐
- 46-55 Years ☐
- > 55 Years ☐
- (3) Education
- Undergraduate ☐
- Bachelor's Degree ☐
- Master's Degree ☐
- Higher than a master's degree ☐
- (4) Marital Status:

Married	☐
Single	☐

(5) Occupational status

Operational Staff	☐
Middle manager	☐
Senior Manager	☐
Senior Executive	☐

(6) Monthly gross salary (MMK)

$\leq 200,000$	☐
200,001 – 400,000	☐
400,001 - 600,000	☐
600,001 - 800,000	☐
$\geq 800,001$	☐

(7) Experience with the current organization (Year)

< 1	☐
1 - 2	☐
2 - 3	☐
3 - 4	☐
4 - 5	☐
> 5	☐

(8) Experience with current leader (Year)

< 1	☐
1 - 2	☐
2 - 3	☐
3 - 4	☐
4 - 5	☐
> 5	☐

PART-B

Leadership Styles

This questionnaire is to describe the leadership style of your Head of Function (or the person you report to), as you perceive/observe it. Please answer all items on this sheet.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

Transformational Leadership

		1	2	3	4	5
9	Instill pride in me for being associated with him/her					
10	Display a sense of power and confidence					
11	Talk about his/her most important values and beliefs					
12	Specify the importance of having a strong sense of purpose					
13	Consider the moral and ethical consequences of decisions					
14	Emphasize the importance of having a collective sense of mission					
15	Talks optimistically about the future					
16	Talks enthusiastically about what needs to be accomplished					
17	Seeks different perspectives when solving problem					
18	Spend time mentoring and coaching subordinates					
19	Consider each person as having different needs, abilities, and aspirations from others					
20	Help each person in the team to develop their strengths					

Transitional Leadership

		1	2	3	4	5
21	Express confidence the goals will be achieved					
22	Suggest new ways of looking at how to complete assignments					
23	Express satisfaction when expectations are met					
24	Focus attention on irregularities, mistakes, exceptions, and deviations from standards					

25	Concentrate his/her full attention on dealing with complaints and failures					
26	Fail to interfere until problems become serious					
27	Wait for things to go wrong before taking action					

Laissez-Faire Leadership

		1	2	3	4	5
28	Avoiding getting involved during important issues					
29	Freedom in decision-making and problem solving					
30	Delaying responding to urgent questions					
31	Lacking control, direction, and explanation					
32	Avoiding goal setting and decision making					
33	Freedom in setting your own goals and performance					
34	Failing to interfere until problems become serious					

PART- C

Employee Retention

The following statements concern how you feel about the department/function where you work. Please indicate the extent of your agreement or disagreement with each statement by remarking a number from 1 to 5.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

S. No	STATEMENTS	1	2	3	4	5
1	I am proud to work for our company.					
2	I am satisfied with the training provided for my Current job.					

3	I am satisfied with the amount of training offered for advancement.					
4	Our company is concerned with the long-term welfare of the employees					
5	I feel secure that I will be able to work for the company as long as I do a good job.					
6	I feel I can voice my opinion without fear.					
7	My immediate superior is technically competent.					
8	My immediate superior is competent in human relations.					
9	Employee policies of the company are administered the same in all departments laterally.					
10	I like my job, i.e., the work I do.					
11	My immediate superior deals with employees' problems fairly.					
12	My immediate superior deals with all employees fairly.					
13	The communication I received from the company is timely.					
14	The communication I received from the company is accurate.					
15	Our company maintains salary levels that compare well to other companies in this area.					
16	Our company maintains benefits that compare well to other companies in this area					
17	I receive cooperation from all other departments.					
18	My department is well organized for the work it does.					
19	The employees in my department work well in a team.					
20	Company employee policies are properly and equally administered in my department.					

PART D

Organizational Performance

The following statements concern the performance of your work. Please indicate the extent of your agreement or disagreement with each statement by remarking a number from 1 to 5.

1	2	3	4	5
Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

		1	2	3	4	5
1	Relations with suppliers are quite good and stable.					
2	We strongly involve our suppliers in our research and development processes.					
3	There are no cases in our company of people leaving for internal reasons,					
4	Productivity of employees is much higher than industry average.					
5	There are no cases in our company of people leaving for internal reasons.					
6	Productivity of employees is much higher than industry average.					
7	Employees' trust in leadership is high.					
8	Work organization is efficient.					
9	Employees feel very committed to the organization,					
10	Work costs per employee are well below the industry average.					
11	Risk-taking within the company is better than it is by our competitors.					
12	The number of customer complaints within the last period has decreased strongly.					
13	We deal with customer complaints faster than our Competition.					
14	Reputation of our company in the eyes of the customers has improved.					

