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Abstract

Transformation leadership is presented through the ability of the leader to articulate a compelling vision for followers. A leader is trusted mainly because of his own level of determination and commitment to the vision. In Kenya, microfinance is a key sector in economic growth mainly because it targets the unbanked and marginalized people especially in the rural areas and thus has direct impact on poverty eradication. As a concept, microfinance has been accepted across the globe as a forum within which poverty can be eradicated and financial inclusion extended. However various challenges define microfinance today and present a leadership challenge that needs to be tackled for the sector to improve and deliver its mandate. The study specifically looked at effect of trust outcome on transformational leadership on staff performance in the Micro finance Institutions in Kenya. This research is key to Kenyan government as it supports to come up with a clear framework for regulation of microfinance sector and offer leadership in the entire financial sector. The study targeted institutions that were engaged in retail microfinance and that are members of Kenyan Firm of Microfinance Institutions (AMFI). Primary data was gathered from the respondents whereas secondary data was gotten from AMFI on performance of institutions. Analysis of unit was staff in microfinance institutions that were categorized in to three: the senior management with whom an in-depth interview was conducted, middle level manager and the other staff who participated in daily activities of microfinance who were involved in a self-administered questionnaire. Performance was assessed through the load that microfinance officers carry in terms

of the outstanding loan balance, the number of customers that individuals in the organization have as well as the portfolio quality and turnover rates within the organizations. Stratified sampling technique was used to obtain sample and sample size determined using the Cochran's formula to be 385 which was large enough to allow generalization. Descriptive approach used the pragmatic approach. A pilot study was carried out in Embu County to test data reliability of the data gathering tools. Data analysis was done using SPSS. A simple linear regression model that shows the relationship between variables was estimated. The findings revealed that trust has a positive and significant relationship with staff performance in microfinance institution. The study rejected the null hypothesis and concluded that trust influenced their performance in micro-finance institutions in Kenya. The study recommends that transformative leadership in micro-finance institutions should enhance trust that yields integrity, love, hope and faith which shall assure performance among the staff of the institution. The trust built should accord staff some level of goodwill that they can associate with leadership thereby making them more competitive.

Keywords: *Staff Trust, Transformational Leadership, Staff Performance, Microfinance Institutions in Kenya.*

1.0 Introduction

1.1 Background of the Study

Trust is a basic essential for the running of various levels of human relations: it portrays firms between social occasions, affiliations, nations and dyads yet can similarly be seen to be a serious variable for firms between individuals (Butler, 2011). Trust is a fundamental part of human life since it can be best named as an organization machine in social, business and correspondence exchange firms. The fundamental piece of trust can be supplemented by saying that when there is social vulnerability with respect to how others will coordinate themselves which verifiably is the circumstance in most social firms – trust is seen as a key factor that makes sense of what people anticipate from the condition setting. It makes ones result more conceivable than another. Trust as a psychological instrument that controls what individuals over the long haul find a way to do, both in social firms (Blau 1964) and what's more in business firms and distinctive parts of life. Trust throughout this study represents the willingness of an individual to be vulnerable to another individual based on confidence the other party is reliable, benevolent, honest, competent, and open definition borrowed from Meyer (1995). Though old, this definition has been used across most literature. It's also individual ability to be a faithful confidant to another person.

Different scholars have defined trust in various ways (Holtz & Harold, 2008; International et al., 2016; Pillai et al., 2012; Schwepker, David & Good, 2014; Zhu & Akhtar, 2014). Meyer (1995) gives the definition that has been used across literature which is willingness of a person to depend on another individual. It stems from an individual confidence in the other. Trust represents the willingness of an individual to be vulnerable to another person on the basis of confidence that the other individual is reliable, benevolent, competent, honest and open. This definition shows a pull by one part to the other that makes it easy for a follower to identify with another and want to be led by them. It is expectancy that a group or an individual holds that a person is reliable.

As quoted by Zhu and Aktar (2014) saw trust a decision calculated to interact along with one another. Calculated in the sense that a whole evaluation has been done by one party before making a decision to follow or agree to submit to another. The elements of social constraints do apply in

determining the level of trust that parties will have with the other. Trust has been categorized and researched from various dimensions, and researchers have drawn a cognitive aspect of trust that look at trust as a mediator in relationship amongst the followers and transformational leaders leading to different work outcome (Holtz & Harold, 2008; Pillai et al., 2012; Schwepker *et al.*, 2014; Zhu & Akhtar, 2014). Different dimensions of trust constructs are seen which include affect-based and cognitive based trust (Uslu & Oklay, 2015) and they represent different process that are involved in building trust.

Transformation leadership is presented through the ability of the leader to articulate a compelling vision for followers (Bass, 1985). Empirically transformational leadership has been supported as having provident positive effects on followers (Victoria, 2011; Colbert *et al.*, 2016; Dumay, 2012; Mchale & Mchale, 2012; Zhu & Akhtar, 2014). A transformational leader facilitates the development of trust and is closely correlated with trust in the leader (Bass, 1990). A leader is trusted mainly because of his own level of determination and commitment to the vision. This is seen through the sacrifice that a leader puts towards achievement of desired goals that evidences the ability of the leader to mind the “do say gap”. The level of self-confidence that a leader shows gives the perception that he is aware of what is expected and sends a conviction to the lead that they have what it takes to achieve the goals. Through this the leader builds credibility and espouses the need for shared values that leads to admiration of the leader and a buy in to what the leader believes in (Zhu, Sosik, Riggio, & Yang, 2012). This will yield positive feelings or emotions that keep the followers energized and committed to achieving the goals they set.

Leadership effectiveness is determined by the caliber of the team that has been put in place. It thus calls for leaders to build teams that not only trust the leader but that have high trust in themselves too. Generally, there is agreement that trust enhances firm’s relationships increasing that capacity of members of the group working together (Mach *et al.*, 2010). Trust and team performance have been related in various researches and positive relationships drawn between trust and performance (Dirks, 1992; Lang, 2004). Trust is thus a fundamental part of team work; this is elevated by the fact that team tasks require high level of interdependence among members. The interdependency generates synergy since members co-operate and interact among themselves.

Serva *et al.*, (2005) argue that teams interact and that understanding of how this interaction happens is fundamental to understanding the performance of team. They argue therefore that the unit of analysis when it comes to organizational performance cannot be the individual level but group and dyads. The concentration consequently turns out to be the way connecting people and firms make significance and follow up on categorically created discernment, inspiration and feeling. Trust plays a critical role in the interactions that a team has (Mach, Dolan, & Tzafirir, 2010). (Avolio, Walumbwa, & Weber, 2009) indicate key element of transformational leadership is to alter the aspirations need and values for attainment of a team spirit through enthusiasm, high moral standards giving meaning and self-determination to the followers. Leadership effectiveness is determined by the caliber of the team that has been put in place. It thus calls for leaders to build teams that not only trust the leader but that have high trust in themselves too. Generally, there is agreement that trust enhances firm’s relationships increasing that capacity of members of the group working together (Mach *et al.*, 2010). Trust and team performance have been related in various researches and positive relationships drawn between trust and performance (Dirks, 1992; Lang, 2004). Trust is thus a fundamental part of team work; this is elevated by the fact that team tasks require high level of interdependence among members. The interdependency generates synergy since members co-operate and interact among themselves.

1.2 Statement of the Problem

Microfinance was started to serve the poor and support in eradication of poverty. Poverty remain a great challenge in Kenya today and The World Bank reports Kenya as a low middle level income. Globally, microfinance is growing at a rate of 30%. (Ashata, 2012) Kenya's growth as indicated by the AMFI Sector Report (2014) stands at 20% which is below the global average. Growth is brought about by trustworthy and stable standing that encourages investment.

It has been reported that there is high rate of turnover among employees in financial sector. Gichira, (2010) cites staff retention and growth as a big challenge in Kenyan microfinance today. The argument is based on the fact that microfinance employs very young graduates who do not have a passion for the poverty eradication mission. A majority of the young people employed in Microfinance are there due to desperation for jobs and the aim to get into mainstream banking (Gichira, 2010). Gichira (2010) found staff turnover rate was at a high of between 25% and 30%. In this regard, the turnover of staff in microfinance creates a low opportunity for learning and innovativeness. Hartumgi (2007) noted that a critical success factor in microfinance is retention of well-trained and dedicated microfinance staff. He argues that microfinance thrives on the agility of internal supervision. High turnover rates in microfinance in Kenya deny microfinance institutions an opportunity to grow dedicated staff who would fill those positions of supervision and who would dedicate and support the organizations at all times. Staff who grow from within the organization are able to transfer knowledge and act as a motivation to the incoming generation that will look at the organization with a hope of growth. What role does leadership play in retention of staff? Studies are lacking in microfinance as to how leadership has created this discontent (Otieno, 2015). Research needs to move from elevation of the problem to provision of a solution to this problem.

Microfinance has been described as a jungle of financial innovations. Statistics show growth in mobile sector as an encroachment to microfinance. Customized microfinance client can comfortably borrow from mainstream banks through mobile phones for example M-shwari and M-Kopa mobile platform and therefore to remain relevant microfinance has to ride on innovative technologies. This research addressed the gap by looking at how leadership would influence staff into being a force that was more trustworthy in future not only of the institution but also for the members in it. Trust also reveals a routine aspect and a complex reflexive mechanism. This study sought to investigate the influence of trust as a result of transformational leadership on staff performance of Kenya microfinance institutions.

1.3 Objective of the Study

The objective of the study was to investigate the influence of trust as a result of transformational leadership on staff performance of Kenya microfinance institutions.

1.4 Research Hypothesis

H₀: Staff trust as an outcome of transformation leadership does not influence their performance in Microfinance institutions in Kenya.

2.0 Literature Review

2.1 Theoretical Review: Social Learning Theory of Leadership

Theory of Social learning states people can learn through observation or experience which can be direct or indirect. The assumption is that behavior is a function of consequences and the perception

people have on the consequences. Most of the behaviors people learn either with intent or inadvertently through the effects of models. An illustration much better than a consequence of unguided actions (Bandura, 1997). It is through observation that one structures a thought of how new practices are performed, and on later events this data fills in as a guide for work (Bandura, 1997). The social learning hypothesis comprises of trust motivation, emotion, cognition and social re-enforcers. Harrison (2011), contended that social learning hypothesis binds to transformational leadership practices as inspiration (idealized impact), perception (individualized thought, tutoring and training), and modeling (persuasive inspiration and modeling fitting practices).

The theory informs the study on transformational leadership as a discipline which can enhance performance in an organization. The epithets of trust, motivation, inspiration and influence can be drawn from social learning theory. The observation supports an organization to embrace transformation leadership which guarantees success.

2.2 Empirical Review

Transformational leadership has been seen to be trust mediator (Cheung & Wong, 2011; Cheung *et al.*, 2014). Cheung and Wong (2011) in study found out that staffs do not perform if they have no trust in leadership. This finding is supportive of a study by Bartram and Casimir, (2007) who in a study conducted on call center staff found that trust in a big way mediated satisfaction. Satisfied staff always gives good performance in extension, Bartram and Casimir (2007) discovered trust has some unique effects that change the self-concept of staffs. This defines the level to which the staffs engage with the organization and commit to the organization's goals and achievements. They argue that trust has an empowerment impact on the behavior of staffs and this has an impact on the performance.

Crossman, (2010) in another study found out that trust yields integrity, love, hope and faith. As long as staffs have these factors, then performance is assured. This study takes a basis that transformational leadership yields trust. This trust accords staff some level of goodwill that they associate with leadership thereby making them more vulnerable to them. The directions that leaders give and the trustworthy they have on the organization will cascade to the staff. Microfinance is very dependent on the staff on the ground that has a direct interaction with the clients. The level of confidence they exude determine the reception of the organization at grass root that level. Microfinance thrive on social capital (Nkamnebe, 2011) and this is what is required for staff thus the growth will be highly achievable.

In a study of transformational leadership and performance, Guay (2013) was able to prove that trust and performance had a positive relationship. He established that leadership is predetermined by the degree of trust that the followers had onto the leaders. Scepteker *et al.*, (2013) established this relationship too presenting that trust comes with leadership. Additionally, he indicates that trust has positive effect on the moral judgment of an individual. This raises the probability of building ethical decisions. The findings show that microfinance are not able to collect their loans owing to leadership intrusions, (Waweru *et al.*, 2011). When ethical decisions emerge among the organizational members businesses grow. This study looks at trust from this perspective that it not only gives hope and faith but also inspires people to do the right things and thus bring about success.

The concept of staff performance is an issue that has received wide attention for a vast degree in literature and research as a result of its distinctive importance since every firm focuses to achieve higher performance (Ojo, 2009). It is the basis of the success of an organization which, in all ways,

is reliant on the individual staff performance. When an individual performs as according to the expected standards, at that point the firm performance will be improved and enhanced (Chegini 2010). It is, therefore, sensible that staff performance is incredibly a key criterion that relates to organizational outcomes and achievement. Given the importance of staff performance, management needs to satisfy a top to bottom analysis of their staffs and discover the determinant factors that will support high staff performance. The notion of trust has existed as long as the history of mankind and human social interactions. The term itself dates back to around the thirteenth century and -having its roots in expressions symbolizing faithfulness and loyalty-the concept of trust is extremely at risk to be "as old as the basic kinds of human association ". It is now widely asserted that relatively all aspects of human life to be based on some form of trust. Certainly, trust is positive and key to individuals, as it is a bit of the basic portions of life, for instance, friendship, love and different sorts of fundamental relationships seem to depend on this notion (Wang & Emurian, 2005).

Trust is seen as a basic essential for the running of various levels of human relations: it portrays firms between social occasions, affiliations, nations and dyads yet can similarly be seen to be a serious variable for firms between individuals (Butler, 2011). Trust is a fundamental part of human life since it can be best named as an organization machine in social, business and correspondence exchange firms. The fundamental piece of trust can be supplemented by saying that when there is social vulnerability with respect to how others will coordinate themselves– which verifiably is the circumstance in most social firms – trust is seen as a key factor that makes sense of what people anticipate from the condition setting. It makes ones result more conceivable than another. Trust as a psychological instrument that controls what individuals over the long haul find a way to do, both in social firms (Blau 1964) and what's more in business firms and distinctive parts of life.

Using the Hofstede Value Dimension, the study charmed on eight components which the principle fundamentals of staff performance. The components are productivity, communication, and staff engagement, quantity of work, consistency teamwork, citizenship, loyalty and creativity. Staff productivity is assessed by the amount of work a staff has delivered. This is quantified by incorporating indicators on evaluations that focus on capturing measurable data. Productivity related an indicators may examine the quantity of tasks that a staff has versus what the production outcomes (DeWitt 2010). DeWitt (2010) insisted that basic leadership as an indicator of performance and it exhibits how well a staff is equipped for influencing a judgment in an offered work to condition and react to it. The method for checking this varies starting with one firm then onto the next. Robertson, Birch and Cooper (2012) expressed that a few organizations search for quick basic leadership, the ability to make indiscreet judgments with deficient knowledge, while others incline toward staffs to mull over carefully and research before responding to clients or venture exercises.

Lewis and Weigert (1985) moreover adequate recognition of the concept in a comparative school of thought by finding that trust is on a very basic level "crucial in social relationships ". A basic consideration for individuals in regular exchange relationships is choosing interchange meetings with whom an individual is willing to interrelate. Trust has a key part in such kind of choices. Exceptionally, the undeniable recurrence with which decisions are for the most part make us assume that trust is typically made and can be considered as being critical to human exchanges social systems. In reference to this, Zucker (2011, p. 56) sees that trust is "vital for the maintenance of cooperation in society and necessary as grounds for even the most routine ". Murphy (1993) stated that "the variable most universally accepted as a basis of any human interaction or exchange

is trust". Therefore, the concept is critical from complex, one-of-a-kind to very simplistic, everyday decisions. Gbadamosi (2003) contends that the more favorable an individual's attitudes toward the organization, the greater the individual's acceptance of the goals of the organization, as well as their willingness to exert more effort on behalf of the organization

Trust can ease uncertainty made by different people and is therefore commonly fundamental in business (Blau, 1964). Similarly, trust also upgrades the accessibility of the trustee to relate with the trusted party in conditions when the trusting party might be vulnerable to interchange's exercises. It is a significant element leading to actual and anticipated purchases (Doney & Cannon, 1997). Studies have revealed that trust impacts clients' reservations of absence of value and threats of being conned (Jones and Leonard, 2008). Without such a psychological instrument, any organized exertion is presumably going to be disillusion as the threats of frustration would be viewed as squashing. Leadership trust is conventionally presumed to decrease renunciation practices, which include delay and turnover. Likewise, employees who are centered around their affiliation may be all the more anxious to appreciate 'extra part' works out, for instance, being innovative or imaginative, which frequently warrant an affiliation's suitability in the market (Katz and Kahn 1978). Emotional attachment to the objectives and values of an organization is trust (Buchanan, 1974). When their job satisfaction is absent and other opportunities appear, turnover could well rise (Martins and Coetzee 2007). Staff members that earn more are not necessarily more satisfied in their occupations (Spector 2008). Staff dissatisfaction may happen if a staff perceives that their constant work isn't recognized or that their prizes are unbiased, tied to their performance or tailored to their needs (Robbins 1993).

There are different methodologies inside business schools in the analysis of trust through various domains. For instance, management analysts' interest for the topic started in the mid-1980s. From this point of view, trust has been contemplated as a factor that empowers agreeable conduct among people, groups, and firms. Trust as a concept has likewise engaged real interests' core in the modern world and has discovered its way to the main point of recent advertising understanding. The predominant worldview of relationship marketing would not be possible without the idea of trust. Accordingly advertising researchers have specially centered on trust in a specific interaction partner (i.e., interpersonal trust) and on its consequences in buyer-seller relationships. Marketing understanding is subsequently not a stand-alone research but rather is strongly engrained in interdisciplinary research. The role of trust in marketing has been studied with regards to distribution channels (Anderson & Narus, 1990), between industrial purchasers and dealers, and furthermore inside the setting of retailing and on the consumer level, trust in the salesperson (Doney and Cannon, 1997), and trust in the brand (Chaudhuri & Holbrook, 2001), trust in the seller and additionally trust in vendors. Marketing knowledge about customer conduct basically reflects the comprehension and assumptions of respect of a person's environmental structures, and their consequences.

2.3 Conceptual Framework

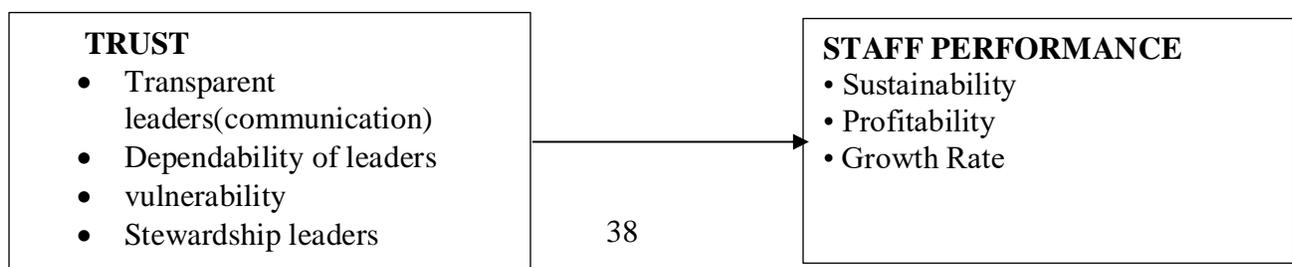


Figure 1: Conceptual Framework

3.0 Research Methodology

This research employed descriptive research design. A descriptive design looks at a phenomenon answering some critical question such as who? the what? and the when? as well as how variables relate to one another (Cooper and Schindler, 2014). This design enhanced researcher to characterize dependent and independent variables to be studied. A survey was conducted among the population through the use of questionnaires. The questions set were open ended for the two. An in-depth interview was carried out with the CEOs and Senior Management of the selected MFIs. The target populace of this research was staff working in retail Microfinance Institutions that were members of Association of Kenya Microfinance Institutions (AMFI (K)). These included the microfinance Banks and credit only institutions. They were divided into strata to cater for the different groups' that is ordinary staff, middle level managers and department heads in microfinance institution who champion performance. AMFI sector report (2014) detailed that microfinance staffs were 5,833 in number and that microfinance was served in 698 branches. From the list of AMFI members attained from AMFI Kenya, there were 37 member institutions that conduct microfinance business at retail level. This research therefore excluded banks, wholesale traders, Sacco's and development banks that are members of AMFI. The target population was 250 senior managers, 700 middle level managers and 4948 other microfinance staff. These figures were derived from the AMFI sector report 2014.

Through the use of primary data the researcher got the number of staff in every organization that formed the target population, divided this into three strata where we had the senior managers, middle level managers and other staff. An appropriate sample was obtained that formed the participant of the research and that gave evidence that allowed for generalization. Therefore, being a large population Cochran (1963) formula was used to establish appropriate sample size. Numbers was then proportioned with the different strata to make it as staff as possible. The study used stratified technique to select the respondents. The technique was used to select participants from different selected categories of staffs of microfinance. Survey method was used to conduct study, whereby a multifactor questionnaire MLQ as used by Taylor (2012) was used. This was used to assess leadership style. Combined with the MLQ questionnaire, a standard questionnaire was also used as a standard tool of collecting primary data and this was used to review trust level. Likert scale was ordered ranging from strongly agree to strongly disagree. This represented an efficient and economical way of collecting data that was valid and reliable.

To measure reliability of questionnaire used in study, the Cronbach's alpha statistic was calculated for Likert scale questions. Cronbach's alpha statistic is between 0 and 1. The closer the Cronbach's alpha is to 1, the better questionnaire reliability. This is because a high alpha is caused by a high variance which means there is a wider variance of the responses and makes it easier to differentiate amongst responses (Allen, 2005). According to Field (2009), a questionnaire with a Cronbach's alpha of 0.8 is taken as reliable. The Kaiser-Meyer-Olkin measure of inspecting sufficiency was used to test for validity. The data gathered from the field was coded in a way that the objectives of the research was captured and data checked for completeness in readiness for analysis. Data entry was done using Microsoft excel and analysis done using SPSS 20.0 software. Upon completion of

data entry, data cleaning, computation and analysis was done using the SPSS software where output was generated for all data entered while checking for any missing responses.

The data was analyzed by use of statistical descriptive which include measures of central tendencies (mean), frequency and (standard deviation) dispersion. This was carried out by selecting summary statistics, for various variables and multiple results sets included counts and a wide variety of percentage computations, including table, sub table, column, row and valid N percentages. Summary statistics for scale variables and custom total summaries for categorical variables included median, mean, mode, and standard deviation. In addition, correlation and regression to test for relationships while a multiple regression model was used to determine the combined effect on the relationship between the outcomes and performance. Summary statistic was used and the output presented through the use of tables. All the data aimed at providing answers to the research questions. This type of data analysis was based on the use of numeric data in the form of numbers, levels and categories. Frequency distribution, graphs, pie charts and tables, were used to organize and give a summary of the data and displayed in a meaningful and understandable manner so as to assist in describing and interpreting the results of the research.

The extent to which transformational leadership determined performance was measured through the weight that the respondents gave it in the MLQ questionnaire weighted through the scales given. The researcher triangulated this with the in depth interviews that was done with key managers in the organizations.

The regression model that was used is;

$$Y = \beta_0 + \beta_1 X + \varepsilon$$

Where:

Y = Microfinance performance.

X = Trust

β_1 = Coefficient of the variable

ε = Error term

4.0 Results and findings

4.1 Descriptive Statistics for trust as an outcome of transformational leadership on the performance of microfinance institutions' staff.

This section presents the descriptive results on statements on the influence of trust as an outcome of transformational leadership on the performance of microfinance institutions' staff. This objective was measured on Likert scale and the summary statistics of the 5 questions measuring the variable presented in Table 1 Since the factor analysis indicated that the questions under trust measure the same variable, the descriptive statistics were calculated for the 5 questions combined. The most common score for the question vision was 5, moral conduct=5, sense of vision =5, self-interest =4 and job description=4.

According to Gould-Williams (2003), trust is seen as the lubricant that enhances and makes it promising for organizations to work and that lack of trust may lead to dysfunctional results including low trust, low motivation and lack of confidence in the organization. The results in Table 1 indicate that most to the respondents had a positive score on trust indicating that staff trust as a result of transformation leadership was high.

Table 1: Descriptive statistics- Influence of trust as an outcome of transformational leadership on the performance of microfinance institutions’ staff

	Transparency	Role model	Into of change	Opinion of expression	Open leadership
Median	4.00	4.00	4.00	4.00	4.00
Mode	4	4	4	4	4
Skewness	-.858	-.950	-.727	-.756	-.829
Std. Error of Skewness	.140	.139	.139	.139	.139
Kurtosis	.885	.714	.481	.102	.165
Std. Error of Kurtosis	.278	.278	.278	.278	.278
Range	4	4	4	4	4
Sum	1166	1214	1181	1126	1162
25	3.00	3.75	3.00	3.00	3.00
Percentiles 50	4.00	4.00	4.00	4.00	4.00
75	4.00	5.00	4.00	4.00	5.00

Descriptive statistics were also presented for the individual questions measuring the variable trust as presented in the subsequent sections.

4.2 Leaders transparency in their dealings

Respondents were asked to state to what degree they agreed with the statement that they consider their leaders to be transparent in their dealings. Avolio (2007) explains the characteristics of authentic leadership development as including individual leader-follower behavior and that for a leader’s behavior to be considered authentic, it must be seen to be regulating transparency in leader-staff relationships and ethical decision making. The results in Table 2 show that more than 70% of the respondents agreed with the statement. This meant that transformational leadership as understood by the respondents was characterized by transparency.

Table 2: Descriptive statistics- Leaders transparency in their dealings

	Frequency	Percent	Valid Percent
Strongly disagree	8	2.6	2.6
Disagree	16	5.2	5.2
Moderately agree	65	21.4	21.3
Agree	149	48.9	48.9
Strongly agree	67	21.9	22.0
Total	305	100.0	100.0

4.3 Leaders are role model and champion high standards of performance

Respondents were asked to either agree or disagree with the statement that their leaders champion high standards of performance and act as a role model. The results presented in Table 3 show that 75.1% of the respondents agree with the statement. This corresponded to Walumbwa and Hartnell (2011) assertion that staffs who come to relationally identify with transformational leaders exhibit greater efficacy hence improved performance.

Table 3: Descriptive Statistics-Leaders Are Role Model and Champion High Standards of Performance

	Frequency	Percent	Valid Percent
Strongly disagree	7	2.3	2.3
Disagree	18	5.9	5.9
Moderately agree	51	16.7	16.7
Agree	132	43.1	43.1
Strongly agree	98	32.0	32.0
Total	306	100.0	100.0

4.4 Acceptance for change introduced by my leaders

Hill, Seo, Kang and Taylor (2012) sought to study the effect of transformational leadership on staff's affective and normative commitment to change. Their findings showed that while the organizational distance were significant influencers of staff's affective and normative commitment to change, direct managers' transformational leadership behaviors were not. This study contrasts with their findings. The descriptive statistics on the question whether staffs would freely accept any change introduced by leaders, 70.9% of the respondents agreed with the statement as presented in Table 4.

Table 4: Descriptive statistics- Acceptance for change introduced by my leaders

	Frequency	Percent	Valid Percent
Strongly disagree	5	1.6	1.6
Disagree	18	5.9	5.9
Moderately agree	66	21.6	21.6
Agree	143	46.7	46.7
Strongly agree	74	24.2	24.2
Total	306	100.0	100.0

4.5 Opinion Expressed are Willingly Listened by Leadership

Respondents were asked whether they agreed or disagreed with the statement that they can express their opinions to their leaders and that their leaders are willing to listen. The results in Table 5 indicate that 67% of the respondents agreed with the statement. This ties to the findings by Van Eeden, Cilliers and Van Deventer (2008) who described a transformational leader as an individual who acts as a mentor, gives personal attention and is willing to listen to others.

Table 5: Descriptive statistics- Opinion expressed are willingly listened by leadership

	Frequency	Percent	Valid Percent
Strongly Disagree	10	3.3	3.3
Disagree	35	11.4	11.4
Moderately Agree	56	18.3	18.3
Agree	147	48.0	48.0
Strongly Agree	58	19.0	19.0
Total	306	100.0	100.0

4.6 Organizational leadership is open and accessible

Respondents were asked to respond whether they agree or disagree with the statement that the leadership in their organization is open and accessible. The results in Table 6 indicated that 67.6% of the respondents agreed with the statement.

Table 6: Descriptive statistics- Organizational leadership is open and accessible

	Frequency	Percent	Valid Percent
Strongly Disagree	11	3.6	3.6
Disagree	29	9.5	9.5
Moderately Agree	53	17.3	17.3
Agree	131	42.8	42.8
Strongly Agree	82	26.8	26.8
Total	306	100.0	100.0

4.7 Correlation Analysis

Correlation analysis was carried out to detect the association between the dependent variable, organizational performance and the independent variable trust in leadership. The mean score for each of the independent variables was calculated and the Pearson's correlation obtained using SPSS. The results in table 7 indicated that staff trust in their leadership ($r=0.191$, $p=0.01 < 0.05$).

Table 7: Correlation Matrix

Variable	Organizational performance
Trust in leadership	0.191 0.001*

* Correlation is significant at the 0.05 level (2-tailed).
 ** Correlation is significant at the 0.01 level (2-tailed).

4.8 Regression Analysis

4.9 The Influence of Trust as an Outcome of Transformational Leadership Has On the Performance of Microfinance Institutions’ Staff

Table 8 present model fit statistics for the regression model fitted to the data. The results show that trust as a result of transformative leadership explained 3.6% of staff performance.

Table 8: Model fit

Indicator	R	R Square	Adjusted R Square	Std. Error of the Estimate
Coefficient	.191	.036	.033	.48111

If the significance value is found to be less than 0.05 which is the significance value at our selected level of confidence, the null hypothesis is rejected. In this case since the model only has one predictor variable, rejection of the null hypothesis will mean that the model is significant in explaining the predictor variable. Table 8 presents the Analysis of Variance (ANOVA) statistics. The results indicate that the model with one predictor variable (Trust) was statistically significant and predicts the dependent variable (Staff performance). This results is supported with the F-Statistic equal to 11.453 and the calculated p-value equal to $0.01 < 0.05$.

This finding is consistent with that of Crossman, (2010) who found out that trust yields integrity, love, hope and faith. As long as staffs have these factors, then performance is assured. This study takes a basis that transformational leadership yields trust. This trust accords staff some level of goodwill that they associate with leadership thereby making them more vulnerable to them. The directions that leaders give and the trustworthy they have on the organization will cascade to the staff. Microfinance is very dependent on the staff on the ground who have a direct interaction with the clients. The level of confidence they exude determine the reception of the organization at grass root that level. Microfinance thrive on social capital (Nkamnebe, 2011) and this is what is required for staff thus the growth will be highly achievable.

Table 8: Analysis of variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	2.651	1	2.651	11.453	.001
Residual	70.365	304	.231		
Total	73.016	305			

The regression coefficients of the model were presented in Table 9. From the analysis, trust as an outcome of transformational leadership was found to have a positive and significant relationship to staff performance ($r=0.116$, $p=0.01<0.05$). This means that a unitary increase in trust will lead to a corresponding 0.116 unit increase in staff performance.

This finding is consistent with that of Cheung and Wong (2011) who in study found out that staffs do not perform if they have no trust in leadership. This finding is supportive of a study by Bartram and Casimir, (2007) who in a study conducted on call center staff found that trust in a big way mediated satisfaction. Satisfied staff always give good performance in extension, Bartram and Casimir (2007) discovered trust has some unique effects that change the self-concept of staffs. This defines the level to which the staffs engage with the organization and commit to the organization’s goals and achievements. They argue that trust has an empowerment impact on the behavior of staffs and this has an impact on the performance.

The specific model was:

$$\text{Staff performance} = 2.531 + 0.116 X$$

Where X is Trust

Table 9: Regression coefficients

Variable	B	Std. Error	t	Sig.
(Constant)	2.531	.134	18.839	.000
Trust	.116	.034	3.384	.001

5.0 Conclusions

The regression results showed that trust as a result of transformative leadership explained 3.6% of staff performance. The Analysis of Variance (ANOVA) statistics results indicated that the model with one predictor variable (Trust) was statistically significant and predicted the dependent variable (Staff performance). The results were supported with the F-Statistic equal to 11.453 and the calculated p-value equal to $0.01<0.05$. From the analysis, trust as an outcome of transformational leadership was found to have a positive and significant relationship to staff performance ($r=0.116$, $p=0.01<0.05$). This meant that a unitary increase in trust will lead to a corresponding 0.116 unit increase in staff performance. The null hypothesis that was tested was that trust does not influence the performance of staff in micro-finance institutions in Kenya. The study rejected the null hypothesis and affirmed that trust influence the performance of staff in micro-finance institutions in Kenya because the p value was $0.001< 0.05$ the conventional significance level.

The results of the study informed that of Cheung and Wong (2011) who in study found out that staffs do not perform if they had no trust in leadership. This finding was supportive of a study by Bartram and Casimir, (2007) who in a study conducted on call center staff found that trust in a big way mediated satisfaction. Satisfied staff always give good performance in addition, Bartram and Casimir (2007) found that trust had some unique effects that changed the self-concept of staffs. This defined the level to which the staffs engage with the organization and commit to the organization’s goals and achievements. They argued that trust had an empowerment impact on the behavior of staffs and this had an impact on the performance. The results further informed that of Crossman, (2010) who in another study found out that trust yields integrity, love, hope and faith. As long as staffs had these factors, then performance was assured. This study therefore takes a

basis that transformational leadership yields trust. This trust accords staff some level of goodwill that they associate with leadership thereby making them more vulnerable to them thus increased performance of staff in of staff in Microfinance Institutions in Kenya.

The study concluded that trust as an outcome of transformational leadership had a positive and significant relationship to staff performance in micro-finance institutions in Kenya. The study rejected the null hypothesis and concluded that trust does have influence on the performance of staff in micro-finance institutions in Kenya. Thus integrity, love, hope and faith may guarantee staff performance in micro-finance institutions in Kenya. This study takes a basis that transformational leadership may yield trust.

6.0 Recommendation

The study recommendations were done according to the objective, findings and conclusions of the study. The study recommends that transformative leadership in micro-finance institutions should enhance trust that yields integrity, love, hope and faith which shall assure performance among the staff of the institution. The trust built should accord staff some level of goodwill that they can associate with leadership thereby making them more competitive. The directions that leaders give and the trustworthy they have on the organization should be enhanced to the staff. Organizations should focus on trust that has a positive effect on the moral judgment of individual staff. This may increase possibility of making ethical decisions.

7.0 References

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