American Research Journal of Humanities Social Science (ARJHSS)
E-ISSN: 2378-702X
Volume-01, Issue-02, pp-10-19
Nov. 2018 www.arjhss.com

Research Paper Open Access

Employee Trust of Top Management and Performance of Saccos In Nairobi City County, Kenya

Dr. Jeremiah Kagwe[1], Dr. James Gathungu[2]
[1]PhD Lecturer in Business Administration School of Business, University of Nairobi-Kenya.
[2]PhD, CPS (K) Senior Lecturer in Strategy & Entrepreneurship School of Business, University of Nairobi-Kenya.
Corresponding Author: Dr. James M. Gathungu

ABSTRACT: The objective of this study was to establish the effect of employee trust of top management on the performance of SACCOs in Nairobi City County the study population consisted of all the SACCOs in Nairobi City County. A descriptive cross sectional survey was used to achieve the objective. Primary data was collected using two questionnaires, one to CEOs of the SACCOs and the other to the employees. Data was analyzed using descriptive statistics and simple linear regression analysis. The results revealed that the effect of employee trust of top management on the performance of SACCOs was significant and positive. This finding is consistent with several research findings that have found positive effect of employee trust on organizational performance. The findings of the study have confirmed that even in the developing countries and in particular the cooperative sector employee trust of top management has positive consequences on organizational performance. The study recommends that since employee trust of top management has positive effect on organizational performance, organizations must encourage support and promote employee trust of top management in their organizations.

Key Words: Cooperative Societies, Employee Trust, SACCOS, SASRA, Top management.

I. INTRODUCTION

Top management make strategic decisions that affect the overall operations and success of the organization. They are responsible for decisions about what to communicate to the employees concerning the company's financial position. In addition top managers are also responsible for making strategic decisions and moves and policy changes about such things as monetary raises, changes in benefit packages and personnel policies all of which have significant impact on the welfare of employees (Mayer & Gavin, 2004). It is therefore important for top managers to earn trust of their employees if the company is to achieve its goals. Managers who are in direct contact with the employee are important to their focus because their operational and tactical decisions greatly affect the employees' life. Time and energy spent by an employee either attempting to monitor the manager's actions or worrying about their actions distract the employees' attention from the work that needs to be done.

The concept of trust has been recognized as having a positive impact on organizational performance (Hassan, Toylan, Semerciöz & Aksel, 2012). Research has further shown that trustworthy managers preside over more productive organizations and are better able to maintain and even increase organizational outcomes in organizations challenged by low levels of performance and facing environmental complexity (Boyne 2003).Literature on trust has shown that employee trust not just of their supervisors but also of their co workers has beneficial impacts on organisational performance. (Fiala, Prokop & Zivelova 2012 and Semercioz, Hassan & Alkemur 2011). However, there are few studies on the impact of employee trust of top management and performance. The few that are there have been undertaken mainly in developed countries. It would be interesting to find out whether the same results would be the same in developing countries.

The concept of trust is founded on the Social Exchange Theory (SET) (Whitener, Brodt, Korsgaard & Warner, 1998). The SET proposes that all human relationships are based on rationality. People associate with others so as to maximize their benefits from the association. The SET theory is based on the norm of reciprocity that dictates that people help those who help them and that hostilities, fear, insincerity, and other distrusting acts will be dealt with in kind (Tzafrir, 2005). Similarly, cooperation theory contends that people cooperate with others because of reciprocal benefits that are derived from the cooperation (Gafen, 2006). In the agency theory the agent and the principal come together for mutual benefit. The central idea behind the agency theory is that both the principal and the agent seek to maximize their expected benefits from their relationship (Shapiro, 2005). Although positive relationship between employee trust and various outcomes of organizational performance has been established by researchers, difficulties in defining and operationalizing trust have hampered empirical study of the relationship between trust and performance (Mayer & Gavin, 2004). In addition trust is domain specific (Tzafrir, 2005) and therefore there is need to understand trusting behaviour within a specific context. Due to scarcity of studies on the variables that moderate the trust performance relationship there is need to explore the significance of the various moderating variables on the trust performance relationship. The Cooperative Movement in Kenya and elsewhere is facing challenges emanating from factors such as globalization, competition and changes in technology which means that the sector requires innovating new strategies to survive (SASRA, 2013). SACCOs in Kenya face many other challenges such as limited resources, competition from other players in the financial services sector and the changing environment. Building trust, and encouraging interpersonal relationships based on trust can be used as a strategy for advancing competitive advantage. Building of trust can lead to better performance of the SACCOs; improve the welfare of members of these SACCOs leading to reduction of poverty in Kenya and elsewhere.

II. RELATED LITERATURE

1.2.1 Employee Trust of Top Management An analysis of studies suggests that definitions for the concept of trust include different aspects. Some researchers like Rousseau, Sifken, Burt and Camerer, (1998) defined trust as a positive attitude towards others. On the basis of an evaluation of the values of another person, an individual will trust the other person or not. According to Bories (2007) trust is based on an assessment of integrity, credibility and benevolence of a person. For other researchers, trust involves risk and is based on an expectation of appropriate behaviour of others (Barzoki, Abzari, Masrach. & Maleki, 2013; Bigley, McAllister, & Tan 2009; Semercioz et al., 2011). For Nooteboom et al., (1997) trust is based on the expectation that the other party will not behave in an opportunistic manner.

Different types of trust have been identified in the literature. McAllister (1995) distinguished between cognitive trust and emotional trust. Cognitive trust is based on a rational evaluation of the reasons that justify the choice of relying on a person such as integrity, and credibility. Affective trust is determined by emotional links and attachments to the other party. Other forms of trust distinguished are lateral trust and vertical trust. Lateral trust characterizes the relationship between co-workers (Barzoki, et al., 2013). Vertical trust refers to the relationship between subordinates and superiors. Costigan, Ilter & Berman. (2010) emphasizes that it is important to distinguish between employees trust in their immediate supervisors and in the top management. Employees trust in their immediate supervisor is formed by a direct relationship while trust in top management is based more on reputation of the organizations top leadership (Costigan et al., 2010).

Employee trust refers to employees having confidence in the managers' ability, integrity and benevolence (Lyman, 2012). According to Lyman (2012) when employees trust their managers it is the responsibility of the managers to respond by behaving the right way. Trust is earned through both action and interaction. For people to trust others, those others must do something to give them the evidence they need so as to trust them. For employees to trust their managers, the managers must do things that make the employees trust them. Trust is also earned through interaction. It can be as simple as a communication between a manager and an employee working together in a project. It is the interaction that conveys to others (employees) that it is to their benefit that they can trust others (managers). Mayer, Davis, and Schoorman (2006) provided a model proposing that when followers believe that their leaders have integrity, ability or benevolence they will be more comfortable engaging in behaviours that put them at risk. In other words when employees perceive that their managers have ability, integrity and benevolence they will trust them (their managers).

When employees trust their managers it means that managers are trustworthy, honest and fair in their dealing with employee (Doney & Cannon, 1997; Taylor, 2003; Mayer et al.,2006). According to Tylor (2003) any positive working relationship is based on trust. An environment of trust assumes that both parties will be safe. It carries with it an implicit message that you have each other's best interests in mind. That is why an employee can accept criticism and even anger from a boss they trust. The employees know that their boss means well for them. Consequently, managers need to build trust between themselves and their subordinates, so that a climate of positive relationships can exist between them and their employees (Marshal, 2013). There are many things managers can do to earn employees trust (Lyman, 2012). Firstly, managers should be credible (trustworthy), that is to say they must do what they say they will do. Secondly, managers must respect their employees. This is experienced through managers' being honest when dealing with their employees. Finally managers should treat their employees fairly regardless of their position within the organization (Lyman, 2012).

Consequently it is the manager's trustworthiness, honesty and fairness that earn his/her employees' trust. This research focuses on the employee trust of top management of SACCOs in Nairobi City County.

1.2.2 Organizational Performance Organizational performance is the degree to which organizations achieve their objectives (Berraies et al., 2014). This construct is assessed through financial indicators (such as profit, return on investment) or non-financial indicators (such as customer satisfaction and quality of products and services). Deshpande et al. (1993) and Drew (1997) developed a measure of organizational performance that integrates both financial and non-financial indicators. This method measures the degree of overall success, market share, growth rate, profitability and innovativeness in comparison with key competitors.

Organizational performance refers to the achievements of goals and objectives. It comprises actual results of an organization as measured against its intended output (or goals and objectives). According to Richard, Divinely, Yip and Johnson (2009), organizational performance encompasses three specific areas of a firm's outcomes. These are financial performance (profit, return on assets, and return on investment), product and market performance (sales, market share) and shareholder return (total shareholder return, economic value added).

Performance is an account of how agents (individuals, groups, departments, organizations, nations or even continents) under certain conditions manage to get from state A to state B, the latter being in some way better than the former (Jirasingh, 2006). Performance deals with the outcomes and accomplishments achieved by a person, group or organization. In recent years many organizations have attempted to measure organizational performance using balanced scorecard (BSC) methodology where performance is tracked and measured in multiple dimensions such as financial performance, customer service, social responsibility and employee stewardship (Richard et al., 2009).According to Chakravarthy (1986) performance is a multidimensional construct composed of various related elements and although financial measures have been widely used to measure performance they do not sufficiently approximate the actual performance and therefore should be supplemented by subjective measures so as to achieve a more comprehensive representation of performance. Kirea, Jayachandran and Bearden (2005) posit that organizational performance outcomes are structured around four categories: customer consequences, innovation consequences, employee consequences, and organizational consequences. Customer consequences comprise the perceived quality of the products and services that the firm provides to the customer. Innovation consequences include factors such as the firm's ability to create and implement new ideas, products and processes. Employee consequences include willingness to sacrifice for the organization, team spirit, the motivation to satisfy customer's needs and job satisfaction. Organizational consequences refer to cost based measures such as profit or other financial measures (Chakravarthy, 1986).

Measures of perceived organizational performance correlate positively with objective measures of organizational performance (Brewer 2005). A wide range of literature also reveals that there are positive and statistically significant correlations between objective and subjective measures of organization's overall performance. In a study of the role of frontline supervisors in the performance of twenty two largest federal agencies in the United States, Brewer (2005) identified eight variables of measuring organizational efficiency and effectiveness. These are quantity of outputs, quality of outputs, efficiency, equity, outcomes, value for money and consumer satisfaction.

Cooperatives are autonomous associations of persons united voluntarily to meet their common economic, social and cultural needs and inspirations through jointly owned and democratically controlled enterprises (Birchall, 2004). Cooperatives are guided by the cooperative principles, namely voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among cooperatives, and concern for community (ICA, 1995).

SACCOs are part of the cooperatives. SACCOs as the name implies are cooperative societies who accept savings from members and lend the same savings to the members in the form of loans. SACCOs are guided by cooperative principles, values and laws. SACCOs seek both economic social and cultural objectives, in measuring the performance of SACCO, this study used not only the financial performance measures, but also non-financial performance measures. Financial performance measures used was return on investment. Non-financial measures included membership, quality of services, innovativeness, efficiency and effectiveness. These measures of performance have been successfully used to measure organizational performance in studies by Mwangi (2014), Kirea et al.(2008), and Charkravarthy (1986).

1.2.3 Employee Trust of Top Management and Performance Trust is important to establish relationships or to improve interactions and other forms of exchange in organizational relationships (Falcon, 2005). Employee trust in managers is vital because employees are the organizations' key players. They make the bigger part of the organization's workforce. They are where the value is created. Therefore managers need to build and maintain their employees trust. When employees trust their managers they will concentrate more on their work because they believe their manager cares for them. Mayer and Garvin (2004) suggest that when employees believe that their leader cannot be trusted for example when the leader is perceived not to have integrity or ability, they will divert their energy towards less productive activities for example trying to protect themselves, which detracts them from their work. Based on the principles of social exchange, employees will reciprocate in kind good deeds of their leader. The implications of this is that when managers exhibit trust enhancing characteristics such as ability, integrity and benevolence, their employees will reciprocate by undertaking activities that enhance organizational performance.

Most of the studies that confirm that organizations whose employees trust their managers achieve superior performance has been undertaken in organizations in developing countries Many of those studies establish employee trust of managers and they not on top management. Literature review has further identified gaps in the studies on trust performance relationships involving conceptual, methodological and contextual gaps. For example some studies have shown a significant and positive relationship between employee trust and organizational performance while others have shown either a negative correlation between the two or none at all. For example Tzafrir (2003), and Fiala et al., (2012) have established a positive and significant relationship between trust and performance. On the other hand Berraies et al. (2013) and Langfred, (2004) established no relationship between the employee trust of the top management and performance. Aubert and Kelsey (2003) on the other hand established a negative relationship between trust and performance.

1.2.4 Savings and Credit Cooperative Societies (SACCOs) in Nairobi City County The history of SACCOs in Kenya can be traced to the 1970s when collateral was a must for anyone who wanted bank credit. Most members of SACCOs then were employees of the government which supported the idea of people coming together to save and lend to one another to improve their welfare. SACCOs would make it easy for members to secure loans on the shares they had in their SACCOs and the salary they earned. In the late 1970s the government developed manuals and guidelines that would be strictly followed to protect members' deposits. In the 1980s SACCOs began seeking more flexibility and autonomy to diversify their operations and increase their incomes. Up to 2008, the entire cooperative movement in Kenya was governed by the Cooperative Societies Act CAP 490. In 2008 the Government enacted the Sacco Societies Act. The Act established the Sacco Societies Regulatory Authority (SASRA). SASRA's main objective is to license and supervise deposit taking SACCOs in Kenya with a view to making the sector stable, more competitive and responsive to the ever changing financial needs of Kenyans (SASRA, 2011).

As at 31st December 2013 Nairobi City County had 1065 active SACCOs (SASRA, 2014) Nairobi City County has the highest number of SACCOs in the country of all the counties in Kenya. The choice to study the 1065 SACCOs in Nairobi City County has been informed by a number of factors. Firstly the 1065 SACCOs represent 21 per cent of the 6,000 SACCOS in Kenya. Secondly the SACCOs in Nairobi City County face the same or similar challenges faced by the country's population of SACCOs. Additionally the SACCOs in Nairobi City County operate under the same political, economic and legal environments as the other SACCOs in the country. Therefore, the results of the study on employee trust and performance of SACCOs in Nairobi City County can reasonably be generalised across the entire SACCO sector. The SACCO industry is part of the cooperative sector in Kenya. This sector has positively impacted the lives of many disadvantaged Kenyans over the years (SASRA 2013). The sector may be categorized into financial and non-financial cooperatives. Non-financial cooperatives deal with the marketing of members produce and services such as dairy, livestock, coffee, tea, handcrafts and many more similar services. On the other hand financial cooperatives comprise SACCOs, housing, and investment cooperatives (SASRA, 2013). The SACCO sub sector can be described as two-tiered given the range of financial services to members and regulatory regime. The traditional SACCOs described in law as Non-Deposit Taking SACCOs (NDTs) provide a limited range of savings and credit products to members and are registered and supervised under the Cooperative Societies Act, CAP 490. The Deposit Taking SACCOs (DTS) besides providing the basic services of savings and credit products also provide basic banking services such as demand deposits, payments services, and ATMs (SASRA,2013).

III. RESEARCH PROBLEM

The SACCOs in Kenya face various challenges such as competition, limited resources, limited managerial skills and rapidly changing external environments. To help the SACCO sector achieve its intended goals, the SACCOs must seek appropriate strategies to deal with the challenges. Increasing employee trust of top management in the SACCOs can be one strategy the SACCOs may have in achieving increased efficiency and effectiveness.

Literature review has identified many gaps in the studies on trust performance relationships involving conceptual, methodological and contextual gaps. For example while some studies have shown a significant and positive relationship between employee trust and organizational performance others have shown either a negative correlation between trust and performance or none at all. For example Aubert and Kelsey, (2003) studied 71 students in a Canadian University to find out whether trust could increase the students performance in their project work. The study established that where there was more trust students completed their work late whereas where there was little trust the students completed their work on time. Semercioz (2011) studied 202 employees of 3 departments in banking companies in a Western State in U.S.A. He found that institutional trust was vital for both product and process innovativeness.

In examining the relationship of trust with other constructs researchers have specified the construct with different referents and with focus on different definitions of trust. For example some scholars have focused on trust in a direct leader supervisor whereas others have focused on trust in organizational leadership (senior managers). Trust in these two different leadership referents will show systematically different relationships with antecedents and work outcomes (Dirks & Ferrin, 2010). This issue is important not only theoretically but also practically as it may provide guidelines on whether organizations should focus resources on establishing trust in its supervisors or in top management. Many researches (Semercioz, 2011; Fiala et al., 2012and Krot &Lewicka, 2012) looked at different referents of trust (institutional trust and inter organizational trust).This study addresses this issue by concentrating on employee trust of top management.

There are also differences on the dependent variable. While some studies looked at financial performance (Tzafril, 2005) others looked at both financial and non-financial measures of organizational performance For example Semercioz (2011) considered performance in terms of both product and process innovation. In particular since SACCOs are both economic and social organizations it will be important to find out whether trust contribute positively to the achievement of social goals. This study looks at both financial and non-financial performance perspectives. There are also methodological gaps in that some studies looked at a single organization (Krot &Lewicka, 2012) while others (Tzafrir, 2005) conducted surveys of several organisations. Controversies also exist as to whether trust directly influences performance or is a moderating variable. The review of literature has also shown conceptual gaps. Many researches (Semercioz, 2011; Fiala et al., 2012and Krot &Lewicka,2012) looked at different concepts (institutional trust and inter organizational trust).With regard to the concept of performance while some studies look at individual level of performance others looked at the organizational level. There are also differences on the dependent variable. While some studies looked at performance in terms of financial performance others looked at both financial and nonfinancial perspectives.

Another gap is the fact that most of the studies on trust performance relationship were done on organizations in developed countries. Local studies which have studied the SACCOs and their performance did not look at trust as the independent variable. They looked at other concepts such as performance management (Mutua et al., 2013), and opportunities and challenges (Momanyi, 2014).Given the contradictions outlined and gaps in knowledge, it was necessary to undertake this study to confirm whether the influence of employee trust of top management has a significant role to play in organizational performance.

IV. RESEARCH OBJECTIVES

The overall objective of the study was to assess the influence of employee trust of top management on performance of SACCOs in Nairobi City County.

V. METHODOLOGY

The target population of this study was the 1065 SACCOs in Nairobi City County as at 31 December 2016. This study used stratified and convenience sampling. In this study the sample size of the SACCOs was selected using a formula developed by Krejecie and Morgan (1970). This formula is as follows:

$S =$

$X2NP(1-P)$ $d2(N-1)+X2P(1-P)$ The National Education Association using the above formula developed a table of determining the sample size of a given population. Using the table and extrapolating the sample size for the 1065 active SACCOs in Nairobi City County was calculated to be 281. The study used primary data which was collected using two semi structured questionnaires one for employees of the selected SACCOs. The second questionnaire was for CEOs of the SACCO or their representatives. Data was analysed using descriptive statistics, factor analysis, simple regression analysis, multiple regression analysis and hierarchical regression analysis. All the statistical tests were conducted at 95 percent confidence level (level of significance, $\alpha = 0.05$).

Table 1: Statistical Analyses of the Hypotheses

Research Objective	Hypothesis	Statistical Model Formulae, Statistical tests to be applied	Testing and interpretation
Objective one Determine the influence of employee trust of top management on the performance of SACCOs in Nairobi City County.	**Hypothesis H1:** Employee trust of top management significantly influences performance SACCOs in Nairobi City County	**A Simple Linear Regression models:** **Y** = (**Y**$_1$=Financial Performance (ROI) Y = Non-Financial Performance Composite index of non-financial performance a = a constant β_1 =Regression Coefficient of the predictor variable ε= error term	**R**^{2}to assess how much of the variation in the dependent variable is due to the independent variable F test to assess the overall significance of the model B to determine the contribution of the predictor variable to the significance of the model P value < .05 to check on the statistical significance of the model

VI. RESULTS

Employee Trust of Top Management and Financial Performance This study set out to establish the effect of employee trust of top management on the financial performance of SACCOs in Nairobi County. Employee trust of top management was operationalized as a composite index of honesty, fairness and trustworthiness. Financial performance was operationalized as an average of the total loans advanced by the SACCO during a five year period. To assess the relationship between employee trust of top management and loans the following hypothesis was tested: H1a There is a significant relationship between employee trust of top management and the amount of loans advanced by SACCOs in Nairobi County. The relevant results are presented in Table 6. This hypothesis was tested using simple linear regression analysis.

Table 2: Regression Results of Employee Trust of Top Management and Loans

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.296[a]	.088	.075	183.22748

a. Predictors: (Constant), Employee Trust of Top management

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	236077.320	1	236077.320	7.032	.010[b]
	Residual	2450778.494	73	33572.308		
	Total	2686855.813	74			

a. Dependent Variable: LOANS AVERAGE 2009-2013
b. Predictors: (Constant), Employee Trust of Top management

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	281.377	76.414		3.682	.000
	Employee Trust of Top management	-82.817	31.231	-.296	-2.652	.010

a. Dependent Variable: LOANS AVERAGE 2009-2013

Table 2 presents correlation coefficient (R = 0.296) which denotes a weak but positive linear relationship between the employee trust and performance. As employee trust increases, so does average loans. The coefficient of determination (R2= 0.088) shows that a change in the employee trust only explains 8.8% of the variability in loans portfolio. This means that 91.2% of the variability in the loans portfolio is explained by other factors not included in the model. To determine the significance of the calculated R value, the results are as follows (R =.296 R2 = .088 F =7.032 P<.05). Consequently the results show that there is a significant relationship between employee trust of top management and the loans portfolio of the SACCOs in Nairobi County. This means that as the employee trust of top management increases, the amounts of the loans borrowed from the SACCO also increases.

Employee Trust of Top Management and Non-Financial Performance The study sought to establish the relationship between employee trust of top management and nonfinancial performance of SACCOs in Nairobi City County. Non-financial performance was operationalized as a composite index of membership, quality of services, efficiency, effectiveness and number of innovations. To assess the relationship between employee trust of top management and nonfinancial performance the following hypothesis was tested H1b There is a significant relationship between employee trust of top management and non-financial performance of SACCOs in Nairobi County. The regression results are shown in Table 7 below. This hypothesis was tested using simple linear regression analysis.

Table 3: Regression Results of Employee Trust of Top Management and Non-Financial Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.016[a]	.000	-.012	.579
a. Predictors: (Constant), Employee Trust of Top management				

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.006	1	.006	.019	.890[b]
	Residual	26.480	79	.335		
	Total	26.487	80			
a. Dependent Variable: Non Financial Performance of Sacco						
b. Predictors: (Constant), Employee Trust of Top management						

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.325	.233		9.970	.000
	Employee Trust of Top management	-.013	.095	-.016	-.139	.890
a. Dependent Variable: Non-Financial Performance of Sacco						

Table 3 presents correlation coefficient (R = 0.016) which denotes a weak but positive linear relationship between the employee trust and non-financial performance. As employee trust increases, so does nonfinancial performance. The coefficient of determination (R2= 0.000) shows that a change in the employee trust does not explain any variation in non-financial performance. This means that 100% of the variation in non-financial performance is explained by other factors not included in the model. To determine the significance of the calculated R value, the results are as follows (R = .016R2 = .000 F =.019 P>.05). Consequently the results show that there is no significant relationship between employee trust of top management and non-financial performance of SACCOs in Nairobi City County. The findings of the study do not support the hypothesis.

VII. DISCUSSION OF RESULTS

The study supports the hypothesis that employee trust of top management has a significant effect on the financial performance of SACCOs in Nairobi City County. This finding is consistent with many studies on relationship between employee trust of top management and organization performance. The first objective of the study sought to establish the significance of the effect of employee trust of top management on the financial performance of SACCOs in Nairobi City County. The results indicate that there is a significant relationship between employee trust of top management and average annual loans advanced by SACCOs. Thus the research findings supported the hypothesis. The finding is supported by several empirical studies on employee trust and its impact on organizational performance. For example the results are consistent with the results of the study by Ferres et al (2002) who found that trust in top management is a significant predictor of subordinate work place behaviour and intentions. The research finding is also supported by the results of the study by Davis et al. (2000) which found that trust of employees in their general managers had positive and significant effect on sales and profit but not on subordinate turnover.

The finding is also supported by the results of a study by Zacharatos, Barling and Iverson (2005) who found a positive and significant correlation between trust in top management and safety climate, safety compliance and safety motivation all of which positively impact on the organizational performance. This finding is also consistent with those of Dirks and Ferrin (2002) and Connel et al. (2003) all of which found that high trust in management leads to low employee turnover intentions and therefore to positively influence organizational performance. Many other studies on the subject have found trust to have positive consequences for organizational performance (Tzafrir, 2003; Palisz-Kiewitz, 2012; Klimski & Karol, 2003; Costa et al., 2001). The second objective was to establish the significance of the effect of employee trust of top management on the non financial performance of SACCOs in Nairobi City County. The study found that employee trust of top management did not have a significant effect on the non financial performance of SACCOs in

Nairobi City County. This compares with many studies that have found trust either to have negative consequences on performance (Aubert & Kelsey, 2003; Langfred, 2004) or to have no impact at all (Lamsa & Sarolainen, 2000) or to have an insignificant impact (Berraies et al. 2014) A study by Berraies et al. (2014) of Tunisian companies belonging to the ICT sector found that although employee trust in their co-worker and their immediate supervisor has positive consequences on performance, employee trust of top managers has an insignificant impact on performance. According to Barries et al. (2014), this result could be explained by the fact that since the relationships between the employee and the top management is not a direct one it might not have the same impact on performance as the trust on his/her supervisor or co-worker. This is because the relationship between the employee and his supervisor or coworker is founded on direct contacts between the two parties. This direct contact involves frequent interaction whereas there is no such direct contact with the top management. Consequently the employee trust of top management might not have a significant effect on the performance. In today's fast changing and flexible business environment, leaders can no longer rely on positional authority alone to get things done (Stuckey, 2015).

VIII. CONCLUSION OF THE STUDY

The study concludes that employee trust of top management significantly influences organizational performance. Consequently HR managers would need to put energy in promoting employee trust. Those who argue that employee trust of top management has negative impact on the organizational performance point out that when employees trust their managers, they fail to concentrate in their work because they are not afraid of their managers because they have faith in their managers' benevolence. On the other hand those who argue that employee trust of their top managers has a positive effect on their organization's performance point out the fact that when employee trust in their manager's benevolence, fairness and trustworthiness, they will trust them to take care of their interest and therefore concentrate on their work more.

As organizations have become flatter, decentralized, and geographically dispersed, with more employees working virtually, it is harder for a leader to even know what their employees are doing much less to monitor work as rigorously as in the past. As such trust is tremendously important in today's workplace as it contributes to better engage staff for increased productivity. Understanding what makes a trustworthy leader is invaluable to HR professionals as it enables them to develop strong talent management and retention strategies. This study has a few limitations. One of them is the fact that it only covered SACCOs in Nairobi County. The study's findings could be improved if studies were undertaken for all the SACCOs in the country or even for companies in many other sectors of the economy. Such a study will improve the generalizability of study findings. The other shortcoming was that the study research design was a cross sectional survey. In this type of survey data was collected at a single point in time. The shortcoming of such a study is that it does not detect causal effects of variables. A longitudinal study would provide a better assessment of the relationships between the study variables. Another limitation of the study was the low response rate achieved. Given more time and resources the response rate could have been improved.

REFERENCES

[1]. Aubert, B. A.,& Kelsey, B. L. (2003).The illusion of trust and performance (No. 2000s- 03).CIRANO.

[2]. Baron, R. M.,& Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations. Journal of Personality and Social Psychology, 51(6), 1173-1182.

[3]. Barzoki, A. S., Abzari, M., Mazrach, S.,&Maleki, S. V. (2013).Determining the effect of organization's structural dimensions on organizational trust in Erfahan's Mobarakeh Steel Company. Journal of Basic and Applied Scientific Research, 3(3), 723-731.
Berraies, S., Chaher, M.,&Yahia, K. B. (2014). .Employee empowerment and its importance for trust innovation and organizational performance. Business Management and Strategy, 5(2), 82-103.

[4]. Birchall (2004) cooperatives and millennium goods ,international labour office Geneva.

[5]. Bigley, G. A., McAllister, D. J., & Tan, H. H. (2009). Effects of interpersonal trust on employee avoidance and approach self-regulation In G. T. Solomon, (Ed.) Academy of Management best papers proceedings.
[6]. Bijlsma, K., & Koopman, P. (2003). Introduction: Trust within organizations. Free University Amsterdam the Netherlands Personnel Review,32(5) 543-555. Borum, R. (2012). The science of interpersonal trust,South Florida:The Mitre Corporation.
[7]. Boyne, G. A. (2003). Sources of Public Service Improvement: A critical Review and Research Agenda. Journal of Public Administration Research and Theory,13(3), 367-394.
[8]. Brewer,G. A. (2005). In the Eye of a Storm Frontline Supervisors and Public Agencies Performance.Journal of Public Administration Research and Theory, (1), 505 – 527.
[9]. Burns, N.,& Grove, S. K. (2003).Understanding nursing research. Philadelphia WB: Saunders Company.
[10]. Chakravarthy, B. (1986).Measuring Strategic Performance.Strategic Management Journal,7(5), 437-458.
[11]. Colquilt, J. A., Scott, B. A. & Lepine, J. A. (2007). Trust, trustworthiness, and trust propensity, a meta-analysis test of their unique relationship with risk taking and job performance. Journal of Applied Psychology, 92, 909-927.
[12]. Connel, J., Ferres, N.,&Travaglione, T. (2003).Engendering trust in manager subordinate relationships, predictor and outcomes.Personnel Review, 32, 569-587. Costa A. C., Roe, R. A. & Taillieu,M. (2001).Trust within teams the relation with performance effectiveness.European Journal of work and organizational psychology. 10, 225-244. Costigan, R., Ilter, S.,& Berman, J. (2010).A multi-dimensional study of trust in organizations.Journal of Management Issues, 10, 303-317.
[13]. Davis, J., Schooman, F. D., Mayer, R. C.,& Tan, H. (2000).The trusted general manger and business unit performance: empirical evidence of a competitive advantage.Strategic Management Journal,21(1), 563-576.
[14]. Deshpande, R., Jarley, U., & Webster, F. (1993). Corporate culture, customer orientation and innovativeness in Japanese firms: a quadrant analysis. Journal of Marketing, 57, 23-37.
[15]. Dirks, K. T.&Ferrin, D. L. (2002). Trust in leadership: meta-analytic findings and implications for research and practice. Journal of Applied Psychology, 87, 611-628.
[16]. Dirks, K. T., & Ferrin, D. L. (2001).The role of trust in organizational settings Organizational Science, 12(4), 450- 467.
[17]. Dirks, K.,&Ferrin, D. (2000). The effects of trust in leadership on employee performance, behaviour and attitude: a meta-analysis. Journal of Applied Psychology, 86, 42-51.
[18]. Doney, P.M., & Cannon J.P. (1997).An Examination of the Nature of Trust in Buyer- Seller relationships.Journal of Marketing, 61(2), 35-51.
[19]. Drew, S. (1997). From knowledge to action; the impact of benchmarking on organizational performance.Long Range Planning, 30(3), 247-441.
[20]. Ferres, N., Travanglione, A., &Connel, J.(2002). Trust: a precursor to the potential mediating effect of transformational leadership? International Journal of Organizational Behaviour, 6, 242-263.
[21]. Fiala, R., Prokop, M.& Živělová, I. (2012).The relationship between inter-organizational trust and performance.Acta.Universitatis Agriculturae et Silviculturae Mendelianae Brunensis, 60(4), 89-98.
[22]. Gafen, A, (2006).Optimization of inclusive fitnessJournal of Theoretical Biology, 238, 541-563.
[23]. Hassan, M,, Toylan, N. V., Semerciöz, F.&Aksel, I.(2012).Interpersonal Trust and Its Role in Organizations.International Business Research, 5(8), 33-39.
[24]. ICA 1995Cooperative principles available on internet Hhp://www:ICA.COOP/COOP/principles html increased.........................2016.
[25]. Kirea, A H., Jayachandaran, S.& Bearden, W. O. (2005).Market Orientation, A meta- analysis review and assessment of its antecedents and performance. Journal of Marketing,69(2), 24-42.
[26]. Klimoski, R. J.& Karol, B. L. (2003).The impact of trust on creative problem solving groups. Journal of Applied Psychology, 61, 630-633. Kothari, C. (2004). Research methodology: Methods and techniques. 2nded. New Delhi: New age International Publishers.
[27]. Krot, K.&Lewika, D.(2012).The importance of trust in manager employee relationships. International Journal of Electronic Business Management, 10 (3), 224-233.
[28]. Lamsa, A. M.& Pucetaite, R. (2006). Development of organizational trust among employees from a contextual perspective. Business Ethics, 15(2), 130-141.
[29]. Langfred,C.W. (2004).Too much of a good thing? Negative effects of high trust and individual autonomy in self-managing teams.Academyof Management Journal, 47(3), 385-399.
[30]. Lavrakas, P. (2008). Encyclopaedia of survey research methods Vol 1and 2.Loss Angeles:Sage Publications.
[31]. Lyman, A. (2012). The trustworthy leader: leveraging the power of trust to transform your organization. San Francisco, CA: Jossey- Bass.

[32]. Mayer, R. C., Davis, J. H. & Schoorman, F. D. (2006). An integrative model of organizational trust Organizational trust: A reader.Academy of Management Journal, 20(3), 709-734.
[33]. Mayer, R. C., & Gavin, M. B. (2005). Trust in management and performance: who minds the shop while the employees watch the boss? Academy of Management Journal, 48(5), 874-888.
[34]. McAllister, D. J. (1995).Affect and cognitive-based trust as foundations for interpersonal cooperation in organizations. Academy of Management Journal, 38(1), 24-59.
[35]. Miller, G. J.& Young K. (2004).Handbook of research methods in public administration. New York: Herbach Publications, Taylor and Francis Group Model.
[36]. Momanyi, E. A. L. (2014). Challenges and Opportunities facing SACCOs in the current devolved system of government in Kenya: a case study of Mombasa County. International Journal of Social Sciences and Entrepreneurship, 1(9), 1-26.
[37]. Mutua, S. M., Karanja, K.,& Namusonge, G. S. (2013). Role of performance management practice on the performance of financial cooperatives based in Nairobi County, Kenya. International Journal of Educational and Research, 1 (11), 218-226.
[38]. Mwangi, M. (2014).The Influence of Members' Income and Conduct of SACCOs in the relationship between characteristics and efficiency of SACCOs in Kenya. Unpublished PhD thesis. Nairobi: University of Nairobi. Nooteboom, B., Berger, H.,&Noorderhven, N. G. (1997).Effects of trust and governance on relational risk. Academy of Management Journal, 40(2), 308-338.
[39]. Nunally, J.,& Bernstein, I. (1994).Psychometric Theory, 3rdedition. New York McGraw Hill.
[40]. Paliszkiewicz, J. (2012). Orientation on trust and organizational performance, management, knowledge and learning.International Conference, 2012.
[41]. Richard, P. J., Devinney, T., M., Yip, G.S.,& Johnson, G. (2009). Measuring organizational performance: Towards methodological best practice. Journal of Management, 35(3), 718-804.
[42]. Rousseau, D., Sifkin, S., Burt, R.,& Camerer, C. (1998). Introduction to special topic forum, a cross discipline view by trust. Academy of Management Review,23(4), 393-404.
[43]. SASRA, (2011).Sacco Supervision Report 2011 Deposit taking saccos in Kenya.
[44]. SASRA, (2013).Sacco Supervision Report 2013 Deposit taking saccos in Kenya.
[45]. SASRA, (2014).Sacco Supervision Report 2014 Deposit taking saccos in Kenya.
[46]. Saunders,M., Lewis, P.,& Thornhill, A. (2007).Research methods for business students. 5th ed. Essex: Pearson Education Limited.
[47]. Sekaran, U. (2005). Research methods for business: a shell building approach. 4thed. New York: John Wiley and Sons.
[48]. Semercioz, F., Hassan, M., &Alkemur, Z. (2011).An empirical study on the role of interpersonal and institutional trusts in organizational innovativeness. International Business Research, 4 (2), 1-12.
[49]. Shapiro, S. P. (2005).Agency Theory.American BarFoundation Chicago,31, 263-284.
[50]. Stuckey,C. (2014). The power of trust in leadership Human Resources March 2014.
[51]. Tyler, T. R, (2003). Trust within organizations. Personnel Review, 32(5) 556-568.
[52]. Tzafrir, S. S. (2005).The relationship between trust HRM practices and firm performance. The International Journal of Human Resource Management, 16(9), 1600-1622.
[53]. Wicks, A. C.& Berman, S. L. (2004).The effects of context on trust in firm-stakeholder relationships.Business Ethics Quarterly, 14(1), 141-160.
[54]. Whitener, E. M., Brodt, S. E., Korsgaard, M. A.& Waner, J. M. (1998).Managers as initiators of trust and exchange relationship framework for understanding managerial trustworthy behaviour. Academy of Management Review, 23(3), 513-530.
[55]. Zacharatos, A., Barling, J.& Iverson, R. (2005). High Performance Work Systems and Occupational Safety.Journal of Applied Psychology, 90, 77-93.