INFLUENCE OF CORPORATE GOVERNANCE ON PERFORMANCE OF SACCOS IN NAIROBI COUNTY

BY

GIBSON KINYUA WANGUI

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER 2019
INFLUENCE OF CORPORATE GOVERNANCE ON
PERFORMANCE OF SACCOS IN NAIROBI COUNTY

BY

GIBSON KINYUA WANGUI

A Research Project Report Submitted to the Chandaria
School of Business in Partial Fulfillment of the Requirement
for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY -
AFRICA

SUMMER 2019
STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University-Africa in Nairobi for academic credit.

Signed: ________________________  Date: ________________________

Gibson Kinyua Wangui
ID: 656100

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ________________________  Date: ________________________

Dr. Maina Muchara

Signed: ________________________  Date: ________________________

Dean, Chandaria School of Business
COPYRIGHT

© Copyright by Gibson Kinyua, 2019.

All rights reserved. Compliance with copyright restrictions dictates that no part of this proposal may be produced or transmitted by any means including but not limited to photocopying, recording or any information storage without researcher’s permission except for citations relating to succeeding studies.
DEDICATION

This research is dedicated to my late mum Mary Wangui Mwangi.
ACKNOWLEDGEMENT

First and foremost, I thank the almighty God for the gift of good health, wisdom and strength to enable me complete this project. I am also grateful for the support and help provided by my parents and relatives. I compliment my Supervisor, Dr. Maina Muchara for his guidance and support when carrying out this study. Lastly, I also acknowledge the respondents for taking their time to fill in the questionnaires and providing relevant feedback for the successful completion of this study.
ABSTRACT

The study aimed at establishing how corporate governance influences the performance of SACCOs in Nairobi County. The research objectives covered were: to determine how board structure influences performance of SACCOs, to determine how board committees’ influences performance of SACCOs and to determine how members’ participation influences performance of SACCOs. Descriptive research technique was employed in the study which targeted SACCOs operating in Nairobi County. The sampling frame consisted of all the forty (40) SACCOs accredited by SASRA to operate in Nairobi County. The study used primary data collected using a structured questionnaire. The questionnaire was administered by dropping them to all the SACCOs and picking them up either immediately or at an agreed upon date. Of the 40 SACCOs, 28 participated in the study giving a response rate of 70%.

The results of analysis of board structure against performance showed $R^2 = 0.643$ at p-value<0.01. The findings on board structure subsets indicated that board independence (r=0.161), board diversity (r=0.072) and board diversity (r=0.059) at p-value<0.01 have a positive but statistically insignificant relationship with SACCO performance. However, the overall results on board structure (r=0.802) at p-value<0.01 depicted a positive and statistically significant relationship with performance of SACCOs in Nairobi County.

The results of analysis of board committees against performance revealed $R^2=0.710$ at p-value<0.01. The results of board committee subsets on SACCO performance showed that credit committee (r=0.199), audit & risk committee (r=0.086) and nomination committee (r=0.028) at p-value<0.01 have a positive and statistically insignificant influence on SACCO performance. On the other hand, the overall results illustrated that board committees (r=0.843) at p-value<0.01 has a positive and significant relationship with performance of SACCOs in Nairobi County.

The results of analysis of participation of members against performance indicated $R^2 = 0.505$ at p-value<0.01. The findings on participation of members subsets at p-value<0.01 showed that member education & training (r=0.145), members’ welfare (r=0.142), rights of members (r=0.073) and business self-reliance (r=0.021) had a positive and statistically insignificant effect on SACCO performance. However, the overall results showed that members participation (r=0.710) at p-value<0.01 has a positive and significant relationship with performance of SACCOs in Nairobi County.
The study concluded that board structure has a positive and statistically significant influence on performance of SACCOs. The study found that board committees had a positive and statistical significant effect on performance of SACCOs. The research also concluded that influence of participation of members on performance of SACCOs was positive and statistically significant. Based on these results, the researcher concludes that board structure, board committees and participation of members are key aspects of corporate governance which influence performance of SACCO’s.

This study concluded that SACCOs should form competent, independent and diversified boards for effective decision making and long term success of an organization. The study also recommended for an independent process during formulation of board committees whilst board members should be assigned to board committee based on appropriate experience and qualifications. Further, this study concluded that SACCOs should enhance participation of members through provision of quality service, enhanced education and training of their members. The study recommends further studies to be carried out on effectiveness of cooperative boards, impact of members’ education programs and emergent governance issues facing SACCOs.
# TABLE OF CONTENTS

STUDENT’S DECLARATION ............................................................................................................. ii
COPYRIGHT ..................................................................................................................................... iii
DEDICATION ...................................................................................................................................... iv
ACKNOWLEDGEMENT .................................................................................................................. v
ABSTRACT ....................................................................................................................................... vi
TABLE OF CONTENTS .................................................................................................................. viii
LIST OF TABLES ........................................................................................................................... x
LIST OF FIGURES ......................................................................................................................... xi
ABBREVIATIONS AND ACRONYMS ............................................................................................ xii

CHAPTER ONE ............................................................................................................................... 1
INTRODUCTION .............................................................................................................................. 1
  1.1 Background of the Problem ............................................................................................... 1
  1.2 Statement of the Problem ............................................................................................... 5
  1.3 General Objectives ......................................................................................................... 6
  1.4 Specific Objectives ......................................................................................................... 6
  1.5 Scope of Study ................................................................................................................ 7
  1.6 Scope of Study ................................................................................................................ 7
  1.7 Definition of Terms ....................................................................................................... 8
  1.8 Chapter Summary ......................................................................................................... 9

CHAPTER TWO ............................................................................................................................. 10
  2.0 LITERATURE REVIEW ........................................................................................................ 10
    2.1 Introduction .................................................................................................................. 10
    2.2 Board Structure and Performance ............................................................................. 10
    2.3 Board Committees and Performance .......................................................................... 17
    2.4 Participation of Members and Performance ............................................................... 23
    2.5 Chapter Summary ....................................................................................................... 28

CHAPTER THREE ........................................................................................................................ 29
  3.0. RESEARCH METHODOLOGY ............................................................................................ 29
    3.1. Introduction ................................................................................................................ 29
    3.2 Research Design .......................................................................................................... 29
    3.3 Population and Sampling Design ............................................................................... 29
    3.4 Data Collections Methods .......................................................................................... 31
LIST OF TABLES
Table 4.1: Influence of Board Structure and SACCO Performance ........................................41
Table 4.2: Correlations between Board Structure and Performance .........................................42
Table 4.3: Model Summary of Board Structure and Performance ...........................................43
Table 4.4: ANOVA Table of Board Structure and Performance .................................................43
Table 4.5: Regression Coefficients of Board Structure and Performance .................................43
Table 4.6: Influence of Board Committees and Performance ....................................................45
Table 4.7: Correlations between Board committees and Performance ......................................46
Table 4.8: Model Summary of Board Committees and Performance ........................................47
Table 4.9: ANOVA Table of Board Committees and Performance ..........................................47
Table 4.10: Regression Coefficients of Board Committees and Performance ...........................48
Table 4.11: Influence of Participation of Members and Performance ..........................................49
Table 4.12: Correlations between Participation of Members and Performance ..........................50
Table 4.13: Model Summary of Participation of Members and Performance .............................51
Table 4.14: ANOVA OF Participation of Members and Performance .........................................51
Table 4.15: Regression Coefficients of participation of members and performance ..................52
LIST OF FIGURES

Figure 4.1: Response Rate ........................................................................................................... 33
Figure 4.2: Gender of Respondents............................................................................................ 34
Figure 4.3: Age of Respondents.................................................................................................. 35
Figure 4.4: Duration of Service .................................................................................................. 35
Figure 4.5: Level of Education ................................................................................................... 36
Figure 4.6: Duration of SACCO Existence .................................................................................. 37
Figure 4.7: Annual Turnover ....................................................................................................... 37
Figure 4.8: Number of Employees .............................................................................................. 38
Figure 4.9: Number of Branches ................................................................................................ 39
Figure 4.10: Number of Directors .............................................................................................. 39
# Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSC</td>
<td>Balanced Scorecard</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CG</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td>KUSCCO</td>
<td>Kenya Union of Savings and Credit Co-operative Limited</td>
</tr>
<tr>
<td>SACCO</td>
<td>Savings and Credit Cooperative Organization</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>NC</td>
<td>Nomination Committee</td>
</tr>
<tr>
<td>NSE</td>
<td>Nairobi Securities Exchange</td>
</tr>
<tr>
<td>SASRA</td>
<td>SACCO Societies Regulatory Authority</td>
</tr>
</tbody>
</table>
CHAPTER ONE

INTRODUCTION

1.1 Background of the Problem

In today’s business environment, corporate governance has received significant attention. The need for good governance is necessitated by increased societal expectations on organizational behavior and performance. Dibra (2016) notes that the recent failure of multinationals such as Lehman Brothers, Enron, Xerox and WorldCom among others in the past two decades have reinforced the importance of corporate governance in organizations.

The field of corporate governance has widely been researched resulting into various definitions. However, they all converge to one common goal which is to promote the wellbeing of shareholders, stakeholders and the public (Zattoni & Judge, 2012; Agyei-Mensah, 2016). Corporate governance entails the processes and structures put in place for control and direction of an organization as well as management of affairs among managers, shareholders, board members and other stakeholders (Sarbah & Xiao, 2015) whilst protecting their rights and promoting transparency (Arslantas & Findikli, 2013). On the other hand, Organization for Economic Co-operation and Development (OCED, 2015) outlines corporate governance being an aggregation of interactions amongst entity’s board, shareholders, management and other stakeholders. Mjahid, Sukoharson & Nuzula (2014) conceptualized corporate governance as rules and procedures which helps companies run ethical business operations whilst considering interests of their stakeholders.

Corporate governance is a framework formulated to control and direct an organization based on principles of good governance; fairness, accountability, transparency, independence and responsibility (Naimah & Hamidah, 2017). Companies with sound corporate governance maintain complex systems of checks and balances (Minnow & Monks, 2011). The role of good corporate practices is ensuring board members and board committees are independent of management thereby taking actions that are of best interest to shareholders (Mickelthwait & Dimond, 2017). Toghill (2017) indicated that for companies to improve their operations and performance they require to enhance their standards of corporate governance mechanisms.
OCED (2015) notes that good corporate governance is not the ultimate goal but a way to support financial stability, economic efficiency and sustainable growth. Hence, it enables a company to have access to capital in the long run while interests of owners and stakeholders whose contribution towards long term success of an organization are accounted for through fair treatment such as improved returns and quality of service respectively. Good governance practices are those elements that empowers a board to be in control of the business and its corresponding results, enabling enhanced performance and accountability. Further, Todorovic (2013) established that entities that embrace effective corporate practices are associated with benefits of increased profitability, enhanced credibility and competitiveness as well as effective management of stakeholders’ relationships.

Sound corporate governance enhances the overall performance of companies and increases accessibility to outside funding which contributes to sustainable economic development (Sarbah & Xiao, 2015) whilst reducing their susceptibility to financial crises (Narwal & Jindal, 2015). Corporate governance is nowadays supposed to be a good strategy that leads to long-term sustenance of businesses (Kishore, 2018). Hence, it is vital for every entity to adhere to best practices for corporate governance. Moreover, sound corporate governance enhances organizational performance and advances trust among shareholders and other stakeholders (Price, 2018). Therefore, adoption of effective corporate governance structures by businesses is essential in improving their performance whilst embracing sustainability.

Cooperatives are unique enterprises focused on development of their members and growth of the organization whereas corporates are self-centered and only concerned about making profits for their shareholders (Saxena, 2012). Cooperatives are distinguished from private entities through their governance and ownership by its members (Birchall, 2017). They are agents of socio-economic change geared towards mutual benefit of its members. Cooperative governance is act of steering cooperatively owned enterprises toward social, economic and cultural success (Scholl & Sherwood, 2014). Hence, cooperatives leaders must have knowledge and ability to comprehend on cooperative philosophy, own responsibility as well as rights and needs of their members. Sound governance of cooperatives is as essential as having effective management to run affairs of cooperatives. Moreover, performance of cooperatives is highly reliant on good governance practices (Dayanandan & Dagnachew, 2015).
Malik & Makhdoom (2016) in an investigation on how corporate governance impacted on performance of publicly traded Fortune Global 500 organizations in US found that application of effective governance practices positively impacted on firm performance. Afrifa & Tauringana (2015) studied effect of corporate governance on performance of UK publicly traded small and medium enterprises and revealed that corporate governance factors of size of the board, directors’ remuneration, CEO’s age and tenure have a substantial link to performance of small and medium enterprises. In an earlier paper by Peni & Vähämäa (2011) it was concluded that sound corporate practices mitigated negative effects of financial crisis as US banks which had effective corporate governance maintained their credibility and even posted better results despite the repercussion caused by the crisis.

Arouri, Hossain & Muttakin (2014) in a study on how board and ownership structure affects performance of companies in Gulf Co-operation Council (GCC) countries indicated that each company should have in place sound corporate governance systems to promote the well-being of both stakeholders and investors. Ahmed & Hamdan (2015) in an investigation on impact of corporate governance on performance of publicly traded companies in Bahrain found that size of the board and board independence had a positive and significant correlation on performance whereas ownership of the largest three shareholders had a substantial negative influence on return on equity. On the contrary, Hong-Vu & Nguyen (2017) in an investigation on impact of corporate governance on publicly traded entities in Singapore found an inverse correlation between board size and organizational performance while CEO duality and board independence had no substantial association with company performance.

A recent study by Dasuki & Lestari (2019) on sound governance and its value to Indonesian cooperatives concluded that enactment of good corporate governance improved both performance and services to their members as well as strengthened their sustainability. Puri & Walsh (2018) in a paper on impact of good governance and performance of cooperatives in Nepal concluded that effective governance in cooperatives is the only vital remedy to uplifting the quality of life of their members through economic and social empowerment. The researchers also indicated that good governance is at the heart of successful cooperatives. In addition, Japelus, Hamzah & Saleh (2017) in a research of Malaysian cooperatives established that evaluation, complaints, transparency and participation of member are key aspects that affect accountability in cooperatives.
Dzingai & Fakoya (2017) investigated how corporate governance structure influenced performance of publicly traded corporations in South Africa and concluded that effective governance positively influenced organizational performance. Babatunde & Akeju (2016) in a paper on governance of Nigerian entities established that sound governance mechanisms positively impacts firm’s profitability. Adeoye (2013) examined corporate governance in publicly traded companies in Ghana, Nigeria and South Africa and found that disclosure, transparency, enforcement and regulatory frameworks are key tools that enhance good governance practices. The research also supposed that sound governance practices can be achieved through commitment of board of directors in provision of relevant communication and disclosures pertaining to the listed entities.

In East Africa, Dayanandan (2013) emphasized the need for cooperatives in Ethiopia to maintain sound governance practices. The study also concluded that accountability, members’ participation, rule of law and transparency have a significant impact on performance of cooperatives. Kyazze, Nkote & Wakaisuka-Isingo (2017) in a study on cooperative governance of 293 cooperatives in Uganda revealed that innovation and monitoring rights had a positive and substantial impact on social performance whereas both policy compliance and endorsement of management decisions depicted no correlation with social performance. In a recent paper by Assenga, Aly, & Hussainey (2018) on board characteristics and performance of Tanzanian companies it was found that gender diversity positively impacted organizational performance while no correlation was established between size of the board, foreign directors and PhD qualification with performance.

1.2 Statement of the Problem

Corporate governance entails a system of checks and balances that lets companies set their objectives and establish appropriate strategies to achieve those goals as well as monitor organizational performance (Larcker & Tayan, 2016). Agency and stakeholder theories underlie the development and theoretical framework of modern corporate governance where it seeks to minimize principal-agent problems whilst enhancing accountability to a wider group of stakeholders. Corporate governance offers adequate and appropriate systems of control within a company; best management of interests of shareholders and stakeholders while encouraging both transparency and accountability (Mallin, 2013). Khafid, Baroroh & Firmansyah (2018) notes that good corporate governance enables companies to maintain sustainability over a long period while maintaining interests of stakeholders.

Franken & Cook (2013) in a study of cooperatives in the United States (US) indicated that smaller board sizes and independent directors with industry expertise positively impacts cooperative performance. Chareonwongsak (2017) looked into the motivation of co-operative boards of directors in Thailand and found that structure of board significantly affected cooperative performance. Locally, both Kamau (2014) and Ndungu (2016) studied how corporate governance affected performance of SACCOs’ and concluded that board composition, diversity, size and CEO characteristics influenced performance of SACCOs. However, Omwenga (2017) in a paper on governance of Kenyan SACCOs established existence of no association between board structures and performance. Therefore differing research conclusions have been reported on influence of board structure and performance of SACCOs.

Fauzi & Locke (2012) looked at board structure’s impact on performance of corporations in New Zealand with findings depicting a substantial and beneficial association between board committees and corporate performance. Madhani (2015) researched on board committees and corporate governance practices of publicly traded entities in India where it was revealed that committees influenced board effectiveness and company performance. Dato, Mersland & Mori (2018) in a study of microfinance institutions in Ethiopia indicated that board committees significantly impacted on market growth and performance. Omolo (2015) in a study of Kenyan SACCOs indicated that number of board committees positively influenced performance. However, the above did not study how board committees influences performance of SACCOs.
Franken & Cook (2017) in a paper on cooperative governance in the US concluded that cooperatives with more active member participation have better overall performance. Liang, Huang, Lu & Wang (2015) in a study of cooperatives in China indicated that participation of members positively impacted economic performance of cooperatives. Taiwo & Okafor (2011) in a paper on Nigeria cooperative found a significant relationship between members’ participation and cooperative performance. However, Huang et al. (2015) in a study of cooperatives in Malaysia found no significant association between members’ participation and cooperative performance. Hence, contradicting research findings have been reported surrounding the influence of participation of members on SACCO performance.

In Kenya, SACCOs play an integral part on financial inclusion and it is attributed that 28 million Kenyans which is about 63% of the population depend on cooperative related activities either directly or indirectly for their livelihoods. Globally, Kenya is in the group 10 (G10) largest Cooperative movements’ member countries in the world. According to SASRA 2017 report, the SACCO movement controls KES 442.28 billion and KES 305.31 billion in form of assets and deposits respectively. In addition, SACCOs in Kenya control about 30% of the GDP and 80% of total accumulated savings. Therefore, in appreciation of contribution of SACCOs on economic, environmental and social well-being of majority of the population in Kenya, this study investigates influence of corporate governance on performance of SACCOs in Nairobi County.

1.3 General Objectives

The overall objective of this study was to establish how corporate governance influences performance of SACCOs in Nairobi County.

1.4 Specific Objectives

The specific research objectives are:

1.4.1 To determine how board structure influences performance of SACCOs.
1.4.2 To determine how board committees influences performance of SACCOs.
1.4.3 To determine how participation of members influences performance of SACCOs.
1.5 Scope of Study

1.5.1 SACCO Society

This study provides the SACCOs Society with a reference document for evaluating how corporate governance influences both performance and sustainability of Kenyan SACCOs. It also provides insight on how they can improve their governance structures to mitigate future financial crisis and adapt to evolving business dynamics.

1.5.2 SACCOs Industry Regulator

The Sacco Societies Regulatory Authority (SASRA) need this information to facilitate implementation of effective corporate governance practices for SACCOs. The findings and conclusions will also pave way in promoting appropriate sound governance practices and standards of conduct for SACCOs.

1.5.3 Members

The research will also serve as a reference point for members to exercise democratic control of SACCOs through member participation and representation in decision making as well as ensure that affairs of their societies are managed efficiently. The findings will also enhance members’ education on their rights to enable them champion for their welfare in SACCOs and acknowledge their contribution on growth of SACCOs.

1.5.4 Scholars

To the academicians and researchers, this research is of great importance in understanding association between corporate governance and performance of SACCOs. In addition, the study would be a reference point for future scholars as well as a foundation for further research areas.

1.6 Scope of Study

The study sought to establish influence of corporate governance on performance of SACCOs in Nairobi County. Despite the many corporate governance characteristics relating to SACCOs, the study narrowed down to only three factors: board structure, board committees and participation of members. The target population was 40 SACCOs operating in Nairobi County. A list of SACCOs operating in Nairobi County was obtained from SASRA’s website. The data collection for the research was done between the months of June 2019 to July 2019.
1.7 Definition of Terms

1.7.1 Corporate governance

Corporate governance is collection of control systems implemented by an organization to deter self-centered managers from participating in activities that have negative impact on interests of shareholders and stakeholders (Larcker & Tayan, 2016).

1.7.2 Board

A board is a collective of directors who are suitable proxy representatives of shareholders’ interests’ interests, and through which the activities of management can be monitored and appropriate controls exerted on behalf of shareholders (Crow & Lockhart, 2011)

1.7.3 Board Structure

Board structure refers to dimensions of the board such as board composition, size, CEO duality, ratio of executive and independent directors, board diversity and skills as well as experience and age of directors (Larcker & Tayan, 2016)

1.7.4 Board Committee

Board committee are sub-committees which the board has delegated authority to deal with specific matters and make informed decisions within the set framework whilst also providing appropriate recommendations to the board on specific matters within their purview (Sahu & Sharma, 2016).

1.7.5 Member Participation

Member participation is degree of members’ involvement in activities and policy-making processes of an organization such as advocating for cooperative products and services as well as attendance of annual general meetings (‘Aini, Hafizah & Zuraini, 2012).

1.7.6 Sustainability

Sustainability entails business operations in a manner that does not exhaust resources but rather restores and enriches environment for future generations whilst causing the least harm to living creatures. (Savitz & Weber, 2013)
1.7.7 Balance Scorecard

The Balanced Scorecard (BSC) is a strategic tool for performance measurement developed in 1992 by Kaplan & Norton which incorporates four balanced perspectives which include: organizational processes, customers, employees learning and growth as well as financial. BSC helps in translating organization strategy into actionable goals throughout an organization (Bergeron, 2018).

1.7.7 Sustainability Balanced Scorecard

The Sustainability Balanced Scorecard (SBSC), which was derived from the original Balanced Scorecard (BSC), is defined by Figge, Hahn, Schaltegger & Wagner (2002) as an enhancement to overcome the deficiencies of the conventional BSC by incorporation of environmental and social sustainability factors (Lu, Hsu, Liou & Lo, 2018)

1.7.7 SACCO

A SACCO is a group of individuals who join forces with similar objectives aimed at financial, economic and social growth (SASRA, 2017).

1.8 Chapter Summary

The introduction of the study is covered in this chapter. It contains problem statement, scope, objectives, and purpose of research. Chapter two covers on theoretical frameworks of board structure, board committees and member participation, and how each factor contributes to corporate governance. Chapter three of the study deliberated on research methodology which explains data collection process, research procedure, sampling and data analysis techniques that will be employed in attaining the research objectives. Results and findings are presented in chapter four while chapter five provided comprehensive overview on summary of findings, discussions, conclusions and recommendations of the study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
The chapter documents literature reviews related to this paper. It specifically outlines various concepts of corporate governance and sustainability balanced scorecard. Further, an overview of corporate governance fundamentals in terms of concept and history is presented. This provides understanding of foundation of corporate governance plus its importance to company performance.

2.2 Board Structure and Performance
Board relevance has been greatly recognized due to corporate failures experienced in the last three decades. Micklethwait & Dimond (2017) quotes that “Companies do not fail but boards do.” Leblanc (2003) supported this quote by stating that the attitudes and behaviors of board members influences the corporate morale and performance. The researcher indicates that the influence may either be direct through monitoring of management or indirectly through actions of CEO selected by the board. Mallin (2013) notes that board is essential in implementing sound corporate governance whilst also plays an important role of linking managers and investors. An effective board is vital as its actions of controlling and directing a company determines successfulness of an organization (Mallin, 2013).

Minnows & Monks (2011) notes that a strong, independent and highly knowledgeable board can make a significant difference on the performance of any company. An effective board should at all times provide good advice and counsel to the CEO, support investments and decisions that are of key interest to the organization and its stakeholders resulting to a company being stronger and more successful (Minnows & Monks, 2011). The long term success of an organization is in the hands of the board thus companies should be governed by competent boards (Mallin, 2013). Micklethwait & Dimond (2017) reported that companies with beneficial boards and sound corporate governance mechanisms produce considerably superior performance in comparison to companies with poor corporate governance structures.
Adams (2017) indicated that perceived corporate governance failures have made policy-makers and governments around the globe raise concerns on effectiveness of boards and corporate governance practices which has led to prescriptions on board size, independence and diversity. Bijman, Iliopoulos, Poppe, Gijselinckx, Hagedorn, Hanisch, Hendrikse, Kühl, Ollila, Pyykkönen & Sangen (2012) in a study on cooperatives in 27 European Union countries concluded that board composition’s impact on cooperative performance was significant. The paper observed that independency, training and expertise of directors as well as CEO duality were key factors influencing board performance. The constitution of board structure is in form of board independence, education qualifications, CEO duality, board size, age, diversity and activity (Moses, 2019). The characteristics of the board discussed on this study included board size, independence, diversity and CEO characteristics.

2.2.1 Board Size

A board consists of persons working together to achieve optimum organizational performance. Over the years various studies have shown that human beings work best in groups of certain size contributing to effective decision making. Wallin (2015) in an article on achieving a high performing board asks “How big should the board be?” The researcher stipulates that a board shouldn’t be larger than 12 members as it becomes unmanageable leading to difficulty in getting work done and aligning of members. Size of board is dependent on aspects such as asset size, board culture and type of organization (Fauzi & Locke, 2012) and size of the corporation (Larcker & Tayan, 2016). Aggarwal, Evans & Nanda (2012) in a research on non-profit organizations found that board size was strongly correlated to number of projects pursued and organizational complexity. Mallin (2013) notes that firms with a small board size play an active role in company monitoring due to ease in coordination and more cohesion which results to improved performance.

Franken & Cook (2013) in a paper on governance and performance of multipurpose cooperatives in US found that multipurpose cooperatives tend to have larger boards to represent diverse interests of different patron memberships. In the same view, Hakelius (2013) in a paper on governance of Swedish cooperatives found that cooperatives with large board have better performance with the most successful cooperatives having a tendency of being large with an average of 13 members, while the less successful have an average of 9 members. Fauzi & Locke (2012) concluded that large boards have a beneficial influence on conduct of listed firms in New Zealand. They also
established that companies with larger boards results to reduction in managerial entrenchment, greater monitoring and increased board independence. However, Franken & Cook (2017) in a study on governance of cooperatives in US established that cooperatives with smaller boards had better overall performance.

Nas & Kalaycioglu (2016) studied how board size influenced performance of 221 exporting firms in Turkey. The paper made conclusions that board size and all measures of performance were positive and significant. However, Arouri, Hossain & Muttaqin (2014) studied how ownership structure and board affected organizational performance in GCC countries and deduced that size of board had no association with firm performance. Othman, Embi, Aris, Arif, Huang & Ismail (2016) also in a paper on performance and board governance on Malaysian cooperatives inferred that size of board had no relationship with cooperative performance.

In Nigeria, Ujunwa, Salami & Umar (2013) in a paper on corporate governance in Nigeria noted that smaller boards are more effective, based on the notion that smaller groups are more cohesive and more productive with a capability to effectively monitor organization performance as compared to larger boards. However, Uwuigbe & Fakile (2012) conducted a research on size of board and organizational performance of publicly traded banks and established existence of a notable and negative connection between board size and banks’ performance. It was implied that enlargement of size of board will result in an increment in agency problems making the board less effective. They also concluded that banks with smaller boards had higher profits compared to their counterparts with larger boards. The researchers also noted that banks containing a board size of less than thirteen members were more viable as compared to those with more than thirteen members.

In Kenya, Yegon, Cheruiyet, Sang, Cheruiyet, Kirui & Rotich (2014) evaluated how corporate governance impacted on agency cost of publicly traded entities at Nairobi Securities Exchange. They found out that a smaller board size led to a decrease in agency cost while size of board had a meaningful negative relation with ratio on asset utilization. The researchers also observed that the listed firms had a mean size board of 8 members. Ahmed & Rugami (2019) researched on corporate governance of SACCOs in Kilifi County, concluded that a small board coupled with professional and qualified directors had a meaningful and positive impact on performance of SACCOs.
2.2.2 Board Independence

Board independence is when most of board members maintain no material linkage with a company other than being mere directors (Ferrero-Ferrero, Maria & Munoz-Torres, 2016). Hilb (2011) quoted 1992 Cadbury Committee report which noted that board members who are independent should be “self-standing of management, free from any relationship or business that could materially interfere with the role of board members while exercising their free judgment.” Board independence is regarded as a factor which mainly influences board’s effectiveness in reducing the opportunistic actions and discretionary of CEO and managers” (Daghsni, Zouhayer & Mbarek, 2016).

Micklethwait & Dimond (2017) asserts that free thinking is the best value a director can bring in a board. It signifies that independence is an important characteristic of a valuable board thus it should majorly constitute of independent board members. The main aim of sound corporate governance practices is for actions of board members to reflect shareholders’ best interest which require its committees and board to be formed in an independent and transparent manner thereby having autonomy over management. In addition, true independence requires board members to have requisite business experience and expertise. This involves having a clear understanding of the business model as well as its strategy, operating practices, internal controls and risks faced by the organization and the industry at large. An effective board requires independence to facilitate adoption of an unbiased strategic decision making mechanisms and ability to challenge the norm (Micklethwait & Dimond, 2017).

However, Hakelius (2018) in a study on board composition of cooperatives in Sweden found that independent directors do not improve the overall performance, but rather having well educated executive directors and CEOs who are knowledgeable on cooperative governance is key. This argument was also supported by Paul, Friday & Godwin (2011) who researched on corporate performance and composition of board for 38 firms in Nigeria, they established that existence of a proportion of directors who are non-executive do not create any significant economic value to overall corporate performance. Nevertheless, the researchers observed that independent directors are associated with benefits of providing independent corporate advice during decision making processes which enhances overall corporate governance.

2.2.3 Board Diversity

Board diversity is an issue which researchers have paid significant consideration over the past few year. Mishra (2016) in a paper on diversity of the board and board effectiveness in India notes that people with different life experiences and backgrounds tend to use different ways while approaching similar problems. The researcher further observed that the benefit of a more diverse group is reduction in group thinking thereby fostering creativity whilst producing solutions to problems and various perspectives. Diversity relates to heterogeneous board composition in terms of education, experience, nationality, lifestyle, culture gender, age, race, religion and many other traits which make individuals different in their own ways. A successful board needs diversity in skills, perspectives and knowledge (Mishra, 2016). Amoll (2015) researched on Kenyan publicly traded companies and noted that boards’ diversity in form of gender, age and education qualifications had meaningful and beneficial influence on performance. This study on SACCOs focuses on board diversity in form of gender, age and experience

Mishra (2016) posit that a balance in gender diversity in a board is key as men and women are wired differently which explains why the sexes excel at certain tasks. Moreover, women are known to be more intuitive in making decisions as they are able to multitask and are good in building relations while men are more task-focused and use information and procedures as basis for their choices. Organization for Economic & Cooperative Development (OECD, 2017) report on execution of gender based proposals on boards observed that female directors comprised of a marginal number in boards of listed firms in the US. The report highlighted that in 2016, only 20% of the directorships and only 4.8% of chief executive officer (CEO) positions were filled by
women. Cullinan, Mahoney & Roush (2019) and Macaulay & Orlando (2015) studied corporate social responsibility and composition of board in US and India respectively where they found existence of strong impact between female directors and corporate social performance whilst the presence of more outside directors resulted to more female directors being on boards. Périlleux & Szafarz (2015) in a study on social performance and women leaders in 36 financial cooperatives in Senegal figured out that boards dominated by females support a social orientation in an organization.

Berger, Kick & Schaeck (2014) in a paper on impact of executive board composition and bank risk taking in German, established that younger executive teams have a tendency of increasing bank portfolio risk. Mishra (2016) studied board diversity in India where he observed that younger people are more flexible, technological savvy and are higher risk takers. An organization can benefit from their ability to comprehend complex issues and use of internet to solve business problems. He also viewed that a company may gain an advantage through expertise and wide experience of senior board members based on their strong networks and their ability to influence. Darmadi (2011) evaluated firm performance and board diversity in 169 listed firms in Indonesia and concluded that board members comprising of young people improved financial performance. Mori (2014) on a paper on firm performance and board diversity of microfinance firms in East Africa drew existence a positive relationship in age of directors and their ability to monitor as well as provide the board with sufficient resources.

Franken & Cook (2017) in a study of cooperatives in the US observed that training of directors enhances financial performance. Supporting the findings by Franken & Cook (2017), it was found by Hakelius (2013) that educating cooperative directors and a high degree of cooperation between the directors and CEO had a beneficial effect on performance of Swedish cooperatives. Ahmed & Rugami (2019) in a study of SACCOs in Kilifi County found that a professional and qualified board has a meaningful effect on performance of SACCOs. They also concluded that board directors need to be appointed based on their personal attributes, experience and their ability to perform on the appointed roles.
2.2.4 CEO Characteristics

According to an empirical study by Rechner & Dalton (1991) the CEO characteristic can either be in form of duality or non-duality. Duality refers to where CEO in a company also holds the chairperson position in the board whose mandate is to oversee and monitor management performance. In this case, CEO acts both as CEO and chairperson of board of directors that governs a company (Rechner & Dalton, 1991). On the other hand, non-duality signifies a situation where two distinct individuals serve separately as Chairperson and CEO of a company. Gabrielsson, Huse & Minichilli (2007) posit that shareholder supremacy model supports detachment in the roles of CEO and chair of board since board’s mandate is to evaluate and monitor actions and performance of senior management. Separation of roles results to benefits of reduction of agency problems and unbiased monitoring.

Larcker & Tayan (2016) notes that a chairman who is independent will improve the board of director’s ability in overseeing management. Separation of positions of CEO and Chairperson allows for ease in roles differentiation of board from those of management. This provides the Chairman with authority to run board meetings and oversee the board whilst eliminating conflicts of interest on areas of succession planning, executive compensation, performance evaluation and recruitment of new directors. The CEO is also able to focus exclusively on organizational issues, strategy and operations while the chairman deals with matters of board leadership, governance related matters and management oversight (Larcker & Tayan, 2016).

Peni (2014) in a research on CEO & chairperson characteristics of S&P 500 firms in the US discovered that CEO duality and corporate performance were positively correlated, while Chairperson or CEO holding multiple seats in board was negatively linked to organizational performance. In Hong Kong, Lam & Lee (2008) researched on CEO characteristics where they inferred that CEO duality worked well for non-family controlled corporations while non-duality worked perfectly for family controlled corporations. Rashid (2011) in a paper on corporate performance and board leadership structure in Bangladesh found that high performing firms have a meaningful beneficial correlation between corporate performance and CEO non-duality, while low performing entities had a negative correlation between corporate performance and CEO duality. Conversely, Yasser, Al-Mamun & Abdul (2014) and Arouri, Hossain & Muttakin (2014) in studies Pakistan and GCC countries respectively established that duality characteristic of CEO
was not correlated to company performance while association and educational qualification of the CEO had a beneficial impact on organization’s performance. In the same vein, Ujunwa et al. (2013) in Nigeria revealed that affiliation of duality of the CEO and performance of the company was adversely correlated.

2.3 Board Committees and Performance

The full board cannot deliberate on all corporate matters thus the board appoints and delegates specific matters to board committees. Charkman (2006) posit that the board members are a corporate body that has to make its decisions collectively. Hence, the specialized committees of the board cannot in any circumstances replace the board as they are a by-product of the board and hence they can only make proposals to the board to support its decision making process. Mallin (2013) affirms that the board and committees ought to have appropriate experience, company knowledge, skills and independence to effectively discharge their responsibilities and duties. Larcker & Tayan (2016) supports Mallin (2013) argument by stating that directors should be assigned to board committees based on their qualifications and experience. Minnow & Monks (2011) further asserts that key board committees need to consist of exclusively independent directors to enhance accountability and effective monitoring of management.

Chen & Wu (2018) in a study of the structure of board committees on 6,538 firms operating in the US, Canada, Bermuda & China asserts that board committees are important as it provides a platform to address key areas in more depth hence it is where most board activity takes place. The researchers further acknowledge that it is of key importance that the board committees responsible for monitoring be composed of independent directors thus shielding CEO’s influence. Federo & Saz-Carranza (2018) in a study of board involvement in 16 intergovernmental organizations in Spain observed that directors must have the relevant expertise required by the specific committees thus expected to make more contributions on decisions and deliberations when attending these committees as compared to their participation on meetings relating to the full board. In addition, board committees are established to undertake highly important and specific tasks such as monitoring strategy implementation, financing, determining executive compensation, budgeting and auditing. The researchers concluded that corporate boards are more active when they have three to five committees.
Fauzi & Locke (2012) in a research on structure of the board and company performance in New Zealand established that effect of board committees on firm performance was significant and positive. It was further revealed that board committees are key mechanisms for improving performance of a company as it assists in minimizing agency costs. Therefore, entities should adhere to enacted corporate governance practices. However, a more recent study conducted by Berezinets, Ilina, & Cherkasskaya (2017) on board committees and corporate performance of 207 companies listed in Russia established that companies with board committees had an insignificant difference compared to those without. They observed that the role of board committees was nominal and there is existence is to meet compliance with international practices on corporate governance rather than a tool of enhancing sound governance.

Lam & Lee (2012) in a paper on board committees and company performance in Hong Kong found presence of some substantial correlation between board committees and organizational performance. It was further revealed that the relationship was either positive or negative and was dependent on level of independence of composition of board committees. Moreover, Aggarwal (2013) researched on impact of corporate governance on organizational performance in India and noted that board committees enhance board effectiveness by exerting direct control on management decisions. Madhani (2015) concurs with Aggarwal (2013) in an investigation on association between board committees and corporate governance practices of publicly traded corporations in India, argues that board committees augments board effectiveness and its overall performance. In addition, he found that board committees that have appropriate monitors and controls enhance board performance resulting in improved corporate governance and disclosure practices.

Agyemang & Castellini (2013) on a study on factors affecting sound corporate governance in Ghana noted that establishment of board committees is essential as it is a tool used by the board in controlling management. This implies that effective committees should comprise of competent members thus enhancing effectiveness of the entire board. Gadi, Emesuanwu & Yakub (2015) in a paper on governance and performance of Nigeria’s microfinance institutions deduced existence of a significant connection between composition of board committees and financial performance. Nevertheless, they found presence of areas of non-adherence with the enacted sound governance practices which included appointment of executive directors and sometimes the CEO as board
committee members. However, Puni (2015) in a paper on board committees and performance of publicly traded Ghanaian companies established no evidence of substantial association between board committees and financial performance. Further, he observed weak internal workings of boards which signified lack of effective supervision by the board committees in critical areas such as recruitment of executives, financial reporting, internal controls, succession planning and setting remuneration of executives.

In Kenya, Waithaka, Gakure & Wanjau (2012) researched on effect of characteristics of board on social performance of Kenyan microfinance institutions and revealed existence of beneficial association between board committees and social performance. Similarly, they revealed that each board committee in a microfinance comprised of a mean of 3 members. Similarly, Kamau et al. (2018) on an investigation on governance of financial institutions in Kenya argued that board skills and board committees strongly influenced company performance. They also asserted that board committees are essential as they make recommendations to the board on various technical issues.

2.3.1 Importance of Board Committees

Charkman (2006) notes that the central objective of board committees is to efficiently and effectively discuss board matters in depth as compared to just an overview of same issues during a full board. Federo & Saz-Carranza (2018) on the other hand argues that the presence of various board committees depicts functional board diversity which assists in generating innovative ideas thereby finding business solutions and different alternatives to strategic issues facing organizations. Furthermore, they are important in developing specific knowledge and expertise required in performing board functions.

Chen & Wu (2016) classifies board committee benefits into three namely: specialization of knowledge, task allocation and accountability. Specialization of knowledge in committees is achieved through the process of decentralization. Furthermore, organizational specific knowledge is necessary due to complexity of checks and advisory tasks undertaken by the board. Secondly, task allocation through delegation of duties increases board efficiency and productivity as well as morale of the members. Finally, board accountability enhances performance of boards as it reduces free riding of members and increases effectiveness of independent directors through greater independence from management.
2.3.2 Prescription of Board Committees

SASRA is the regulatory body that is tasked with regulation and supervision of SACCOs in Kenya. In 2015, the regulatory body issued regulations on sound governance practices for SACCOs. The guidelines stipulates that each SACCO should not have more than four (4) board committees thereby avoiding replication of roles and overburdening of the members. The SACCO Societies Act of 2010 on deposit-taking businesses regulations states that audit committee is the only mandatory committee. However, SACCOs should form a maximum of three other committees to assist in delivery of their strategic objectives. The committees should be tasked with responsibilities for finance and human resources, business development and technology, nomination, education and governance and credit. The guidelines also state that boards of SACCOs should form appropriate committees to enable them deliver on their objectives. This study focuses on audit, credit and nomination committees.

2.3.3 Nomination Committee

The agency theory stipulates that a proper mix of executive and independent directors is required for the board to maintain its objectivity, accountability, fairness, transparency and independence. Agyemang-Mintah (2015) notes that the nomination committee’s mission is to mitigate agency conflict by ensuring effective team work within the board members to sustain shareholder’s interests. Hence, the nomination committee comes in handy as its role is to constitute a competent board whose members must possess appropriate educational qualifications, skills, experience, age diversity, organizational knowledge and independence for effective fulfillment of their duties. Mallin (2013) further asserts that the nomination committee is mandated to partake in process of board appointments and reappointments as well as making recommendations to the board.

Guo & Masulis (2015) studied board structure of entities in US thereby concluding that independence of the nomination committee is important even when firms have independent boards. Agyemang-Mintah (2015) in a paper on nomination committee of UK’s financial institutions concluded that nomination committee positively impacted firm performance. He further established that existence of a nomination committee in a company increased effectiveness of board members to work towards the principle of shareholders wealth maximization. Fauzi & Locke (2012) supports findings of Agyemang-Mintah (2015) in a research on New Zealand’s listed firms.
by concluding that nomination committee positively impacted on firm performance. On the contrary, Puni (2015) in a paper on how board committees influenced performance of Ghana’s publicly traded entities found that nomination committee’s influence on performance was negative and insignificant. In the same vein, Puni, Osei & Ofei (2014) in a study on companies listed in Ghana found that nomination committees negatively affected financial performance. Further, the research supposed that for the committee to succeed in its mandate of recruiting competent and ethical board members it has to maintain transparency during nomination process.

2.3.4 Credit Committee

Credit committee is key in SACCOs as they are involved in credit creation through pooling of members resources which is their main income generating activity. This results to exposure of the SACCOs to credit risk. Credit risk is the probability or likelihood of partial or total loan loss due to inability of borrower to meet outstanding loan obligations (Basel Committee on Banking Supervision, 2001). It is worth noting that SACCOs with a significant credit risk exposure have a higher likelihood of encountering financial distress. SASRA guidelines (2015) requires SACCOs to establish a board credit committee with sole purpose of overseeing organization’s lending policy, monitoring credit risk profile and managing risk framework. The objective of the committee is to provide adequate provisions for bad and doubtful debts as well as maintaining exposure to credit risk to tolerable levels.

Gatuhu (2013) in a paper on credit management in microfinance institutions in Kenya established that credit committees reduce credit risk by evaluating applicants’ financial conditions and ascertain their ability to repay loans resulting to informed decision making on loan advancement. Further, he concluded that credit risk controls, client appraisals and collection policies significantly influences organizational performance. The researcher highlights other responsibilities of the credit committee other than approving loans which are monitoring performance of loans and delinquency management. A recent study by Nyangori (2018) on extent of non-performing loans in Kenyan commercial banks concurs with Gatuhu (2013), and argues that the credit committee plays a crucial role of monitoring performance of loans as well as giving recommendations to the management on loan performance. The researcher found that credit committees were well-versed and monitor loan performance regularly. The research also revealed, independence of credit
committee is essential as all credit approvals should attain minimum standards as stipulated in the credit policy. In addition, he asserts that frequency of credit committee meetings enhanced loan monitoring purposes thereby ensuring optimal performance of advanced loans.

2.3.5 Audit Committee

Out of all board subcommittees, audit committee is the most significant as it has autonomy from management to provide oversight on financial reporting, audit process and internal controls. Hence, the committee’s mandate is to protect interests of shareholders at all times (Mallin, 2013). Puni (2015) concurs with this view and states that in the agency model, shareholders portray trust issues with management due to existence of information asymmetry and agents’ self-interest. Hence, shareholders must put in place mechanisms such as audit committee to align management’s interests to those of owners thereby minimizing their expedient behaviors and scope of information asymmetries `which augments access to adequate, relevant and sufficient information regarding the financial health of the organization.

Audit committee acts as a crucial governance mechanisms mandated to guarantee credibility, relevance and adequacy of a company’s information to shareholders and other stakeholders for use in evaluating company performance (Madhani, 2015). Larcker & Tayan (2016) further posit that audit committee has full oversight on an organization’s external audit function as well as principal contact between the company and the external auditor. Hence, it is critical for the audit committee to comprise of a majority of independent directors (Charkman, 2006) with the chair being a financial expert whilst a minimum of three members must possess financial literacy (Larcker & Tayan, 2016).

Fauzi & Locke (2012) studied board structure of listed firms in New Zealand and concluded that audit committee’s association with firm performance was positive. Al-Mamun, Yasser, Rahman, Wickramasinghe & Nathan (2014) also in a research on audit committee characteristics of publicly traded companies in Malaysia established that overall characteristics of audit committee positively impacted on corporate performance. It was also revealed that audit committee’s independence was positively associated to organizational performance. Suryanto, Thalassinos & Thalassinos (2017) in a recent study on audit committees of listed firms in Indonesia concurs with this view and argues that audit quality was significantly impacted by audit committees.
In Africa, Ojeka, Iyoha & Obigbemi (2014) in a paper on how effective is an audit committee in Nigerian deduced that influence of both financial experts and independence of audit committee on corporate performance was significant and positive. They also established that audit committee are more effective when a majority of the directors are both independent and financial experts whilst ensuring that meetings of audit committee are geared towards relevant matters which augment organizational performance. However, Puni (2015) research on board committees of companies publicly traded in Ghana found existence of no association between audit committee and company performance.

Locally, Kipkoech & Rono (2016) in a study on size of audit committees of companies traded in the Nairobi Securities Exchange established that both experience and size of the audit committees significantly impacted organizational performance. In addition, the paper also found that availability of experienced audit members in the committee improved financial reporting and audit quality. Mwangi (2018) in a recent research on how characteristics of audit committee impacts on non-commercial state corporations in Kenya concluded that a high level of independence, diversity, financial competence and quality meetings augments the standard of financial reporting. Moreover, Waweru (2018) in a study on audit committee characteristics and earnings of firms in Kenya and Tanzania agrees with this view and argues that an independent committee and presence of a financial expert in audit committee positively impacted on standard of financial reporting.

2.4 Participation of Members and Performance

Cooperatives are people centered mutual enterprises aimed at uplifting aggregate welfare of their members. Member participation is the essence of cooperatives and lack of such engagements would make them lose their true identity (Ponka, 2018). Othman, Kari, Jani & Hamdan (2012) notes that strong membership commitment and support is a key determinant in cooperative performance. The researchers further highlighted that the success of the cooperatives is mainly due to membership coupled with efficient and effective governance and management. Huang et al. (2015) supports this view and asserts that a strong membership base as well as degree of members’ participation are the foundations for cooperative success.
Franken & Cook (2017) in a research on effect of governance on US cooperatives and concluded that cooperatives with more active boards and members tend to have better overall performance. An earlier study by Bijman & Verhees (2011) on commitment of cooperative members in Netherlands concluded that commitment of members in supply cooperatives was influenced by participation of members in the governance of the cooperative, associated exit costs and members’ perception on low prices. In the same vein, Jones & Kalmi (2015) studied influence of membership on performance of financial cooperatives in Finland established that membership was beneficial to performance of financial cooperatives. The paper also affirmed that cooperative membership creates member loyalty and a psychological sense of ownership which influences performance of cooperatives.

In Asia, a study by Liang, Huang, Lu & Wang (2015) on cooperatives in China found that participation of members in general meetings and technical training was more active in enterprises with greater levels of both trust and shared vision dimensions of social capital. Moreover, Prakash (2012) in a study on cooperatives in India established active participation of members in business operations and organizational structure leads to improved cooperative performance. Similarly, Hammad, Yaacob, Abdullah, & Abu-Bakar-Ah (2016) studied aspects influencing performance of Malaysian cooperatives thereby concluding there was a positive connection linking members’ participation and cooperative performance.

In Indonesia, research by Suharyono & Solimun (2014) on cooperatives asserts that active members’ participation could be induced in form of involvement in product development and decision making process, capital investment and placing members’ interests first. Further, the researchers revealed that cooperatives should concentrate their efforts on offering more attention to satisfy the needs of their members’. At the same time, Firmansyah & Al-Rozi (2014) in a study on factors affecting cooperative performance found that members’ participation can be motivated by involving them in cooperative activities, adhering to members’ rights, improving the levels of quality of services, providing useful education and training as well as provision of adequate facilities and infrastructure. Supporting the findings by Firmansyah & Al-Rozi (2014), it was concluded by Hidayati, Hanif & Pradesa (2016) that the quality of service offered to members and level of emotional attachment increases degree of participation of members which in turn increases profitability levels of cooperatives.
Taiwo & Okafor (2011) in a study on effect of members’ participation and cooperative performance in Nigeria established that member participation is influenced by socioeconomic characteristics. The researchers revealed that members’ participation can be enhanced through increased commitment by members in cooperative activities as well as their involvement in decision making process. In addition, a study by Ochan & Gnigwo (2016) identified factors that have a significant impact on members’ participation in fishery cooperatives in Ethiopia which include: members’ awareness on cooperative principles and values, training accessibility, market accessibility, credit accessibility and leadership skills significantly affected participation of members. Njiru (2014) further in a study on cooperatives in Kenya concluded that successful cooperatives have a higher level of member participation, higher ability of achieving set objectives and higher management capacity.

2.4.1 Rights of Members

Being a member in a SACCO one is bestowed with relevant rights. These rights are granted to members upon filling a membership application form, paying a joining fee, buying a minimum number of shares and making monthly contributions. SASRA guidelines (2015) on good corporate governance practices states that members are entrusted with rights and responsibilities of electing credible individuals as directors to manage their SACCOs. At the same time, members can present themselves to be elected as directors of a SACCO as long as they meet minimum qualifications and have good reputation in the cooperative industry as well as exercise political neutrality (SASRA, 2015). Cooperatives differ from companies based on their governance structure particularly the voting rights which is based on membership rather than size of shareholding (Mumanyi, 2014) Likewise, cooperatives are democratic entities and all members have equal rights to decide on how the society should be managed. Each member has one voting right that entitles the rights to vote and to be voted for (Okoli, 2018).

Suwatno (2010) posit that members’ participation in decision making process and management of cooperative affairs is key in championing the democratic control of the societies. Barraud-Didier, Henninger & El-Akremic (2012) further in a study on French cooperatives established that participation of members in the governance of cooperatives is dependent on trust of the members through their affective commitment. Similarly, Bijman et al. (2012) in a study on cooperatives in European Union concluded that proportional voting rights of members positively impacts on
It was also inferred that each member has at least one vote in a cooperative democratic decision making structure. Battaglia, Bianchi, Frey & Passetti (2014) supports this view and argues that cooperatives are social enterprises in which all members should participate in decision making processes and governance as mandated by the basic principles of cooperatives.

### 2.4.2 Member’s Education and Training

Education and training is one of the cooperative principles which requires SACCOs to conduct ongoing educational training programmes for their members. The principle stipulates that cooperatives should provide appropriate education and training for their members, directors, management and employees which increases their effective contribution on cooperatives’ development (Prakash, 2012). Supporting the views of Prakash (2012), it was revealed by Motompa (2016) that cooperative education is an important tool in educating members, developing their sense of accountability, ability to make right decisions as well as enabling them to exercise their rights and responsibilities wisely and transparently. Moreover, Wambua & Karimi (2017) notes that members’ education should encompass SACCO functions, products, participation in meetings, duties of officials, process of electing directors as well as association with government and other entities.

Rajaratnam, Noordin, Said, Juhan & Hanif (2010) studied successive aspects that impacted Malaysian cooperatives and revealed, active participation of members can be promoted through regular member education programs on cooperative model as well as continued awareness of their rights and responsibilities bestowed to them. Supporting views by Rajaratnam et al. (2010), a study by Arayesh (2011) on factors affecting members’ participation in agricultural cooperatives in Iran established that one of the ways of increasing member participation is by improving education levels of members through trainings. Similarly, FirmanSyah & Al-Rozi (2014) studied factors affecting members’ participation in Indonesian cooperatives concluded that provision of useful education and training to members enhances participation of members in cooperatives.

In Kenya, Marogocho (2012) in a study on impact of SACCOs on teachers’ welfare in Kenya concluded that education provided to members enhanced their knowledge resulting to improved saving culture of the members’ thereby improving cooperative performance. Moreover, Njiru (2014) in a study on factors influencing performance of cooperatives in Mbeere noted that member
education and training levels was one of the key considerations for improving performance of cooperatives. A recent study by Kinyuira (2017) on cooperative governance and sustainable performance of SACCOs concurs with this view and argues that participation of members can be enhanced through provision of member education and relevant information.

### 2.4.3 Member’s Welfare

Cooperatives are economic enterprises whose income generating activities are devoted to both economic and social welfare of their members thereby improving their livelihoods. The Cooperative Act (2012) stipulates that SACCOs should operate objectively in order to advance members’ economic wellbeing and their welfare in line with cooperative principles and values. Interestingly, cooperatives are unique entities formed and supported by members’ common business aspirations and needs. Hence, they are not profit oriented but rather welfare driven whilst also obtain government’s support (Siddaraj, 2012). A recent study by Dasuki & Lestari (2019) supports this view and argues that the existence of cooperatives is oriented towards members’ welfare which entails accomplishing the interests of its members and the community to improve their livelihoods.

Getnet & Anullo (2012) in a paper on how Ethiopian agricultural cooperatives improved rural livelihoods concluded that cooperatives improved livelihoods of farmers through increased income, additional savings and reduced costs of input. At the same time, Ng’ondi (2013) in a study on contribution of SACCOs in improving social welfare in Tanzania found that SACCOs improved access to financial services and positively impacted on members’ social welfare such as increased ability to pay for education, health and individual expenses. Endorsing findings of Ng’ondi (2013), it was found by Hategekimana, Kigabo & Ruhara (2019) in a study on financial inclusion in Rwanda that financial services offered by SACCOs have a significant contribution to socio-economic welfare of their members.

In Kenya, a study by Cheruiyot, Kimeli & Ogendo (2012) on effect of strategies implemented to mobilize members savings in SACCOs in Nairobi revealed that the main objectives of SACCOs is fostering economic wellbeing, members’ welfare and provision of loans to its members thereby enhancing both members prosperity and welfare such as ability to meet emergent needs. Moreover, Langat (2016) in a study on influence of SACCO’s products on members’ livelihoods also found that a majority of the members had access to loan facilities while members’ welfare fund had a
positive impact on their livelihoods as it provided members with appropriate social protection measures. A recent study by Mwai & Okatch (2017) on impact of SACCOs in poverty eradication also found that share capital, member deposits and amount of loan issued to members have a significant impact on poverty eradication.

2.4.4 Business Self-Reliance

Cooperatives have undergone immense transformation process as they are now involved in managing a variety of businesses that are beneficial to members thereby creating economic development. Suharyono & Solimun (2014) in a study on effect of participation of members on business self-reliance of cooperatives in Indonesia found that active participation of members has a positive impact on cooperative’s business self-reliance. The researchers also revealed that both members and cooperatives benefit when cooperatives manage a variety of businesses.

In Kenya, Olando, Mbewa & Jagongo (2012) in a study on financial practice of SACCOs posit that wealth maximization is a key consideration when evaluating and selecting a particular investment channel. The researcher further affirmed that a key financial practice among SACCOs is efficient allocation of resources. The study found that liquid investments had a strong positive and substantial impact on growth of SACCOs’ wealth. Moreover, Kadagi, Ahmed & Wafula (2015) revealed that SACCOs have undergone investment diversification from their traditional practice of only lending to members to include investments in listed securities, real estate, term deposits and other income generating investments. The paper established that SACCOs have undertaken portfolio diversification strategies to boost their revenues, grow their asset base as well as offer diversified financial services and products to meet growing needs of their members.

2.5 Chapter Summary

Literature review was introduced in this chapter which also sought to collect information about the three research objectives. The first dimension highlighted how board structure influences SACCO performance. The second section analyzes the effects of board committees on SACCO performance. The last objective discussed on how participation of members influences SACCO performance. The chapter lastly points performance measurement using the Sustainability Balanced Scorecard concept. The next chapter on research methodology provides a detailed synopsis on research procedures and methods used in collecting relevant data as per the objectives.
CHAPTER THREE

3.0. RESEARCH METHODOLOGY

3.1. Introduction
The paper examined influence of corporate governance on performance of SACCOs in Nairobi County. The chapter elaborates on research procedures and methods used in collecting relevant data.

3.2 Research Design
Research design is a comprehensive plan of fulfilling the research objectives whilst answering relevant questions (Cooper and Schindler, 2011). Noor (2018) further noted that research design provides foundation for collecting, analyzing, summarizing as well as presenting data. Adams, Raeside & White (2007) affirms that descriptive research is mainly applied in quantitative research providing findings that are both statistical and scientific thereby defining objectives in relation to the study. Cooper and Schindler (2014) defined descriptive survey design as a method that facilitated how one understood the characteristics of a particular population. The descriptive technique approach used for this investigation in terms of evaluating how corporate governance impacts SACCOs’ performance in Nairobi County was suitable. The design was also important in trying to gain both detailed and in-depth information as well as a rich understanding of the phenomenon being investigated

3.3 Population and Sampling Design
3.3.1 Population
Chandan, Singh and Schindler (2011) noted that population comprises of a group of all variables that are being studied. Alternatively, population of a research constitutes of all elements that a researcher seeks to investigate (Cooper & Schindler, 2013). The relevant information needed for the study was obtained from senior managers and executive directors working with the SACCOs. The target population for this study was 120 senior executives (inclusive of CEO) managing affairs of SACCOs.
Table 3.1: Population Distribution Table

<table>
<thead>
<tr>
<th>Population Area</th>
<th>Population</th>
<th>Population Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEOs</td>
<td>40</td>
<td>33.3%</td>
</tr>
<tr>
<td>Senior Management</td>
<td>80</td>
<td>66.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

3.3.2 Sampling Design

3.3.2.1 Sampling Frame

Cooper and Schindler (2014) refer to sampling frame as relevant and complete listing of members of study population only. Sampling frame is a prospective group of people who individuals chosen from study population and whose findings are generalized and used to draw conclusions (Saunders et al., 2016). The sampling frame for this study was made up of all the forty (40) SACCOs operating in Nairobi County.

3.3.2.2 Sampling technique

Sampling technique is the process of choosing representative elements from the study population (Saunders et al., 2016). The selection criteria for the sample size was simple random sampling technique where every three employees per SACCO. In this study, each population element had an independent and equal opportunity of being chosen which provided enough justification for use of this random sampling technique (Kumar, 2011). The investigation’s sample population was made up of all the SASRA accredited SACCOs operating within Nairobi County.

3.3.2.3 Sampling Size

Sample size involves selection by researcher of a smaller representation of study population used to meet study objectives (Cooper & Schindler, 2013). The sample size enables the researcher to collect relevant data whilst ensuring adequate time allocations and efficient utilization of resources. This study conducted a census on all the 120 senior executives (inclusive of CEOs) involved in governance of SACCOs in Nairobi County. The sample distribution relating to this study is shown in table 3.2.
Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Population Area</th>
<th>Population</th>
<th>Population Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEOs</td>
<td>40</td>
<td>33.3%</td>
</tr>
<tr>
<td>Senior Management</td>
<td>80</td>
<td>66.7%</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.4 Data Collections Methods

Data collection entails information aggregating which ranges from observations to company surveys (Cooper and Schindler, 2011). The research banked on primary data that was collected using structured questionnaire which was administered to CEOs and senior managers of 40 SACCOs operating in Nairobi County. Christensen et al. (2014) argue that questionnaires are mainly used for collection of data because they enable a researcher to save time and efficient in collection of large amounts of information before data analysis due to similarity in questions being asked to each respondent. The questionnaire employed in this paper comprised of five sections. Section one was aimed at collecting demographic information from each respondent such as level of management and details of the organization such as services offered and years of existence etcetera. The second part comprised of questions concerning the board structure which covers the first objective of the research. The third and fourth parts were based on board committees and participation of members which comprised of questions relating to the second and third objectives respectively. The last section was based on Sustainability Balanced Scorecard achieved by the SACCOs.

3.5 Research Procedure

Research procedure is a step in the scientific technique where the research process is expounded in detail to enable another researcher to easily conduct a similar study (Cooper & Schindler, 2014). In this study, the research procedure included the permission sought for the research, how the pilot study was conducted, how valid and reliable were the instruments used and how were the same instruments administered during the study. A pilot study was undertaken to determine if data collection checklist was valid and reliable in compiling of relevant data suitable for this research. Donaldson and Davis (2014) stated that pilot testing helps researchers to figure out if the questionnaire will collect suitable data to attain relevant findings. Findings from pilot study were
instrumental in improving the questionnaire prior to final administration. The final questionnaire was approved and study was ready for data collection. However, it was essential to obtain all necessary approvals and documents which included a letter from NACOSTI and University’s introduction letter before administering the questionnaire. The method for administering the questionnaire was dropping the questionnaire to the executive directors of all the forty (40) SACCOs and picking them up either immediately or at an agreed upon date. Reminders and follow up calls were done at regular intervals to elicit higher response rates. Moreover, purpose of the research was explained to the respondents during the exercise.

3.6 Data Analysis

Data analysis is process of transforming collected raw data into useful consumable data for specific research users (Adams et al., 2007). Quantitative data from questionnaires was compiled using excel, thereafter it was coded, keyed and descriptive statistics were computed using Statistical Package for Social Sciences (SPSS) version 24. Descriptive statistics compiled for this paper included: mean, standard deviation, frequencies and percentages while presentation of the results was in form of tables and figures which included pie charts and bar graphs. The inferences relating to this study were made using regression, ANOVA, correlation, and statistical significance. Correlation analysis was computed to deduce if independent variables influence dependent variable while multiple regression analysis was computed to deduce the level of the association between dependent and independent variables.

3.7 Chapter Summary

In chapter three research design was identified followed by population and sampling design which includes: sample frame and size as well as sampling technique used in choosing the respondents. Primary data collection technique was employed which applied the use of structured questionnaires to help answer the study objectives. Data collection and analysis methods for final presentation of the study results are also outlined in this chapter. In the next chapter results and findings of this research were presented by outlining data analysis and interpretations made from collected information.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This Section outlines results obtained from analysis on the information gathered. The research depended on primary data which was collected using structured questionnaires on influence of corporate governance on performance of SACCOs in Nairobi County. The presentation of descriptive data was in form of figures and tables while regression, ANOVA, correlation and statistical significance were used to make inferences.

4.2 Demographic Information

4.2.1 Response Rate

Out of a sample of 120 respondents from forty (40) SACCOs, 84 questionnaires were properly filled and returned. This translated to 70% response rate which was considered appropriate and acceptable representative for data analysis, conclusions and formulating recommendations. Wainaina, Ole Sopia, & Cherono (2016) indicated that a 50% response rate is suitable for analysis and reporting while as a 70% and above response rate is excellent. The rate of response is presented in Figure 4.1.

![Response Rate Diagram](image.png)

Figure 4.1: Response Rate
4.2.2 Gender of Respondents

The gender distribution of respondents relating to this study is illustrated in Figure 4.2 below. The findings pointed out that male respondents were two thirds (67%) of the respondents while a third (33%) were female. This evidently shows that two-thirds gender rule had been attained in SACCOs with females occupying a third of the senior roles in SACCOs.

![Gender of Respondents](image)

Figure 4.2: Gender of Respondents

4.2.3 Age of Respondents

On age of respondents, highest number of managers were aged between 36 years to 45 years at 42%, followed by those aged below 25 years at 32% while lastly those who were 46 years and above were 26%. This illustrates a proper composition of senior managers in SACCOs as shown in Figure 4.3.
4.2.4 Duration of Service

The managers were asked to indicate overall length of service within the SACCO. Out of 84 respondents, 81% had been employed in SACCOs for more than 3 years. More than half (52%) had practiced in SACCOs for 5 years and above while 29% had been engaged for between 3 to 5 years. Only 19% had worked in their respective SACCOs for less than 3 years. The length of service by managers is stated in Figure 4.4.

Figure 4.3: Age of Respondents

Figure 4.4: Duration of Service
**4.2.5 Education Attainment**

On level of education, 54% of managers had postgraduate education, 44% had university education and only 2% had college education. This indicates majority (98%) of senior managers were well educated as illustrated in Figure 4.5.

![Level of Education](image)

**Figure 4.5: Level of Education**

**4.2.6 Duration of SACCO Existence**

When inquired on how long the SACCO has been in existence, it was evident that most of the SACCOs have been in operations for above 20 years with a representation of 87%, followed by those who have been in operations for between 11 to 20 years with 7% and lastly between 6 to 10 years was 6% as represented in Figure 4.6.
4.2.7 Annual Turnover

On annual turnover, most of the SACCOS have an estimated annual turnover of above 50 million with representation of 98%, while the rest had an annual turnover of less than 30 million as displayed in Figure 4.7.
4.2.8 Number of Employees

When requested to specify the number of employees, most of the SACCOs had 30 employees and above with representations of 50%, this was followed by 21 to 30 employees who were represented by 25%, between 11 to 20 employees were represented by 21% and lastly up to 10 employees was 4%. The findings on the number of employees working in SACCOs is indicated in Figure 4.8 below.

![Number of Employees](image)

**Figure 4.8: Number of Employees**

4.2.9 Number of Branches

On number of branches per SACCO, most of the SACCOs had only one branch at 46%, followed by between 2 to 5 branches at 33%, between 5 to 10 branches with 12% and lastly above 10 branches was represented by 8%. Figure 4.9 below displays the number of branches per SACCO.
Lastly on demographics the researcher asked for data on number of directors serving on boards of SACCOs. Majority of the SACCOs had 9 directors which was represented by 71%, this was followed by 13 directors represented by 13%, followed by 8 directors which was represented by 6%, followed by 7 directors represented by 5% and finally 11 directors had a representation of 1%.
4.3 Board Structure and Performance

4.3.1 Descriptive Statistics

The results of the first objective on board structure are displayed in table 4.1 below. The respondents were presented with fourteen questions relating to board structure. Out of the fourteen (14) questions, ten (10) were rated as agreed while the rest were rated neutral. The responses suggest importance of board structure in corporate governance. The relativity of board composition to associated costs is shown with a mean of 4.179 and standard deviation of 0.624. The suitability on the number of directors is shown by a mean of 4.441 and standard deviation of 0.683. On the impact of board size on the timeliness and effectiveness of board members is displayed with a mean of 4.214 and standard deviation of 0.762 while the CEO’s empowerment by the board on the running of the organization is displayed by a mean of 4.250 and standard deviation of 0.863 was reported.

The presence of independent directors on cooperative performance is illustrated with a mean of 3.819 and standard deviation of 0.751 and the board’s decision making and implementation process is indicated by a mean of 4.202 and standard deviation of 0.773. The board’s responsibility on cooperative performance is represented by a mean of 4.298 and standard deviation of 0.833 showing that most of the respondents were in agreement with the statement. The director’s prioritization of the company over other interests is shown with a mean of 3.941 and standard deviation of 0.782 and the considerations made during board appointments illustrated by a mean of 2.952 and standard deviation of 1.251.

The issue of female representation in the board is represented by a mean of 3.119 and standard deviation of 1.409 while the influence of women on board matters is illustrated by a mean of 2.941 and standard deviation of 1.245. The adequacy of mature and experienced directors on the board is indicated by a mean of 3.952 and standard deviation of 0.790 while the relativity of age to the experience of board members is shown by a mean of 3.762 and standard deviation of 0.887. The utilization of the board members knowledge and skills when carrying out their duties is indicated by a mean of 3.941 and standard deviation of 0.750. The findings on the influence of board structure on SACCO performance is indicated in the table below.
Table 4.1: Influence of Board Structure and SACCO Performance

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses related to formulation of the board is realistic in relation to board management costs</td>
<td>84</td>
<td>4.179</td>
<td>0.624</td>
</tr>
<tr>
<td>The number of directors in the board is realistic</td>
<td>84</td>
<td>4.41</td>
<td>0.683</td>
</tr>
<tr>
<td>Our board size allows us to get work done in a timely and effective manner</td>
<td>84</td>
<td>4.214</td>
<td>0.762</td>
</tr>
<tr>
<td>CEO is fully empowered by the board to run the company</td>
<td>84</td>
<td>4.250</td>
<td>0.863</td>
</tr>
<tr>
<td>The existence of independent directors has a positive impact on SACCO performance</td>
<td>83</td>
<td>3.819</td>
<td>0.751</td>
</tr>
<tr>
<td>The board’s decision making and implementation process is collaborative and interactive in nature whilst also involves sufficient sharing of company information amongst board members.</td>
<td>84</td>
<td>4.202</td>
<td>0.773</td>
</tr>
<tr>
<td>The board is ultimately responsible for overall cooperative performance</td>
<td>84</td>
<td>4.298</td>
<td>0.833</td>
</tr>
<tr>
<td>The directors prioritization on company matters is over and above other interests</td>
<td>84</td>
<td>3.941</td>
<td>0.782</td>
</tr>
<tr>
<td>The key considerations made during board appointments are education qualifications, age, gender, knowledge and relevant skills</td>
<td>84</td>
<td>2.952</td>
<td>1.251</td>
</tr>
<tr>
<td>The women representation on the board of directors is sufficient</td>
<td>84</td>
<td>3.119</td>
<td>1.409</td>
</tr>
<tr>
<td>The women board members’ contributions on board matters are appropriate</td>
<td>84</td>
<td>2.941</td>
<td>1.245</td>
</tr>
<tr>
<td>The number of mature and experienced directors on the board is adequate</td>
<td>84</td>
<td>3.952</td>
<td>0.790</td>
</tr>
<tr>
<td>The relativity of age to the experience of board members is satisfactory</td>
<td>84</td>
<td>3.762</td>
<td>0.887</td>
</tr>
<tr>
<td>The utilization of board members’ knowledge and skills in the board is sufficient</td>
<td>84</td>
<td>3.941</td>
<td>0.750</td>
</tr>
</tbody>
</table>

4.3.2 Correlation Coefficients

The researcher conducted correlation analysis to determine relationship between board structure and performance of SACCOs. The findings are indicated in Table 4.2 below. The findings indicated results of subsets of board structure against performance as follows: board independence (r=0.161), board diversity (r=0.072) and board diversity (r=0.059) have a positive but statistically insignificant relationship with SACCO performance at p<0.01. However, the findings indicate that overall board structure (r=0.802, p<0.01) has a positive and significant relationship with performance of SACCOs.
### Table 4.2: Correlations between Board Structure and Performance

<table>
<thead>
<tr>
<th></th>
<th>Board Size</th>
<th>Board Independence</th>
<th>Board Diversity</th>
<th>Board Structure</th>
<th>SACCO Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board Size</strong></td>
<td>Pearson</td>
<td>.554**</td>
<td>.176</td>
<td>.128</td>
<td>.059</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td>1</td>
<td>.267*</td>
<td>.308**</td>
<td>.161</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td>.000</td>
<td>.110</td>
<td>.014</td>
<td>.245</td>
<td>.593</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
</tbody>
</table>

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

### 4.3.3 Regression Model

The researcher conducted a regression analysis to determine how board structure influenced SACCO performance. The results of linear regression from Table 4.3 revealed that R square was 0.776 ($R^2 = 0.643$) which indicate 77.6% change in SACCO performance is explained by their board structure. This further implies that apart from board structure, there exist other factors with an influence on SACCO performance that future studies should focus on.
The Analysis of Variance (ANOVA) was conducted at 5% level of significance and the findings indicated in Table 4.4.

On statistical significance, Table 4.4 indicate that F (1, 83) =147.587, p-value is 0.000<.005 thus an indication that the model is a good fit therefore significant in explaining board’s structure on performance of SACCOs in Nairobi County. The interpretation of p values was done at 5% level of significance.
The findings of the study indicate that the variable under investigation board structure had significant effect on performance of SACCOs in Nairobi county as indicated by their significance levels $P<0.005$. Based on the model coefficients the relationship between board structure and performance of SACCOs can be expressed as; \( SACCO \text{ Performance} = 1.236 + 0.805 \text{ Board Structure} \). The overall findings indicate that board structure ($r=0.802$, $p<0.01$) has a positive and significant relationship with performance of SACCOs. The findings contradicts with Omwenga (2017) who found an insignificant positive relationship between board structure and performance of SACCOs. However, Chareonwongsak (2017) established that board structure significantly affected cooperative performance.

4.4 Board Committees and Performance

4.4.1 Descriptive Statistics

The results of the second objective on board committees are displayed in table 4.2 below. The composition of skills and knowledge of the board committee members is illustrated by a mean of 3.976 and standard deviation of 0.744. The impact of board committees’ specialization on decision making is illustrated by a mean of 4.179 and standard deviation of 0.679. The influence of task allocation in board committees is shown by a mean of 4.071 and standard deviation of 0.673 while issue of board accountability in board committees is shown by a mean of 4.179 and standard deviation of 0.624. The suitability of board members in committees is represented by mean of 4.262 and standard deviation of 0.494. The vetting process for new directors before appointment is represented by a mean of 3.976 and standard deviation of 0.850. The considerations made during appointment of board members are indicated by a mean of 3.821 and standard deviation of 0.809. The cooperation and participation of board members is indicated by a mean of 4.143 and standard deviation of 0.661. The openness and transparency of board matters is illustrated by a mean of 4.274 and standard deviation of 0.700. The management of SACCOs’ credit risk profile and lending policies is illustrated by a mean of 4.167 and standard deviation of 0.674 while the company’s compliance in management of bad and doubtful debts is illustrated by a mean of 4.405 and standard deviation of 0.583. The audit and risk committee’s impact on the risk framework of the firm is shown by a mean of 4.179 and standard deviation of 0.563. The SACCOs’ oversight on the audit, financial reporting and internal control functions is shown by a mean of 4.298 and
standard deviation of 0.510. The independence of the audit and risk committee from management is represented by a mean of 4.202 and standard deviation of 0.673 while its influence on the quality and financial health of the company was represented by a mean of 4.214 and standard deviation of 0.641.

Table 4.6: Influence of Board Committees and Performance

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The key considerations in selection criteria of board committee members are education qualifications, knowledge, professional skills and experience</td>
<td>84</td>
<td>3.976</td>
<td>0.744</td>
</tr>
<tr>
<td>The specialization of board committees increases effectiveness and decision making in the organization</td>
<td>84</td>
<td>4.179</td>
<td>0.679</td>
</tr>
<tr>
<td>The division of board tasks increases the level of board efficiency and productivity</td>
<td>84</td>
<td>4.071</td>
<td>0.673</td>
</tr>
<tr>
<td>The board committees are associated with high board accountability</td>
<td>84</td>
<td>4.179</td>
<td>0.624</td>
</tr>
<tr>
<td>The number of directors on the board committees is reasonable</td>
<td>84</td>
<td>4.262</td>
<td>0.494</td>
</tr>
<tr>
<td>There is intensive vetting process for new board members before being appointed to the board</td>
<td>84</td>
<td>3.976</td>
<td>0.850</td>
</tr>
<tr>
<td>The considerations made during board appointments are possession of relevant experience and skills</td>
<td>84</td>
<td>3.821</td>
<td>0.809</td>
</tr>
<tr>
<td>The cooperation and participation of each board member is treated with high regard and diverse opinions are tolerated</td>
<td>84</td>
<td>4.143</td>
<td>0.661</td>
</tr>
<tr>
<td>There is openness and transparency on board matters which are conducted on a defined agenda</td>
<td>84</td>
<td>4.274</td>
<td>0.700</td>
</tr>
<tr>
<td>There is adequate oversight of the Company’s credit risk profile and lending policies</td>
<td>84</td>
<td>4.167</td>
<td>0.674</td>
</tr>
<tr>
<td>The provisions for bad and doubtful debts are done in compliance with requirements of the prudential guidelines.</td>
<td>84</td>
<td>4.405</td>
<td>0.583</td>
</tr>
<tr>
<td>The committee has impacted positively on the risk framework of the company</td>
<td>84</td>
<td>4.179</td>
<td>0.563</td>
</tr>
<tr>
<td>The Company has adequate oversight on the audit, financial reporting and internal control functions</td>
<td>84</td>
<td>4.298</td>
<td>0.510</td>
</tr>
<tr>
<td>The audit and risk committee is independent of management and makes appropriate decisions</td>
<td>84</td>
<td>4.202</td>
<td>0.673</td>
</tr>
<tr>
<td>The committee has impacted positively on the quality and financial health of the company</td>
<td>84</td>
<td>4.214</td>
<td>0.641</td>
</tr>
</tbody>
</table>
### 4.4.2 Correlation Coefficients

The researcher conducted correlation analysis to determine relationship between board committees and performance of SACCOs. The findings are indicated in Table 4.7 below. The findings indicate that subsets of board committees against performance as follows: credit committee (r=0.199), audit & risk committee (r=0.086) and nomination committee (r=0.028) which are positive but statistically insignificant at p<0.01. However, the overall findings on board committees (r=0.843, p<0.01) has a positive and significant relationship with performance of SACCOs in Nairobi County.

**Table 4.7: Correlations between Board committees and Performance**

<table>
<thead>
<tr>
<th></th>
<th>Nomination Committee</th>
<th>Credit Committee</th>
<th>Audit &amp; Risk Committee</th>
<th>Board Committees</th>
<th>SACCO Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination Committee</td>
<td>Pearson Correlation</td>
<td>.440**</td>
<td>.506**</td>
<td>-.011</td>
<td>.028</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.922</td>
<td>.797</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Credit Committee</td>
<td>Pearson Correlation</td>
<td>.778**</td>
<td>.843**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.399</td>
<td>.438</td>
<td>.070</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Audit &amp; Risk Committee</td>
<td>Pearson Correlation</td>
<td>.093</td>
<td>.086</td>
<td>.843**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.399</td>
<td>.438</td>
<td>.070</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
</tbody>
</table>

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

The results of linear regression revealed that $R^2 = 0.710$ which indicate that there is a good level of prediction and further implied that 71.0% of the variations could explain board’s structure on performance of SACCOs in Nairobi County.

**Table 4.8: Model Summary of Board Committees and Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.843&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.710</td>
<td>.707</td>
<td>.38022</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Board Committees

The Analysis of Variance (ANOVA) was conducted at 5% level of significance and the findings indicated in Table 4.9.

**Table 4.9: ANOVA Table of Board Committees and Performance**

<table>
<thead>
<tr>
<th>ANOVA&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Regression</td>
<td>1</td>
<td>29.076</td>
<td>201.130</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>82</td>
<td>.145</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>83</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: SACCO Performance
b. Predictors: (Constant), Board Committees

The statistical significance, in the Table 4.9 above revealed that the F-value (1, 83) =201.130, and the p-value is 0.000<.005 an indication that the model is a good fit therefore significant in explaining board’s committees on performance of SACCOs in Nairobi County.
The findings of the study indicate that the variable under investigation board committee had significant effect on performance of SACCOs in Nairobi county as indicated by their significance levels $P<0.005$. Based on the model coefficients in the table above the relationship between board committee and performance of SACCOs can be expressed as: $\text{Performance} = 0.730 + 0.806 \text{Board Committees}$. The overall findings indicate that board committees ($r=0.843, p<0.01$) has a positive and significant relationship with performance of SACCOs in Nairobi County. Madhani (2015) revealed that board committees influenced board effectiveness and company performance. Dato, Mersland & Mori (2018) also indicated that board committees significantly impacted on market growth and performance.

4.5 Participation of Members and Performance

4.5.1 Descriptive Statistics

The senior executives were requested to rate the level of their agreements on each statement. A Likert scale of one to five (1-5) where; One (1) = Strongly Agree, two (2) = Agree, three (3) = Neutral, four (4) = Disagree and five (5) = Strongly disagree was used. A mean close to five indicated that respondents were in agreement with the statement while mean closer to one indicated they were in disagreement. The respondents were presented with eight questions relating to participation of members and the results are displayed in table 4.11 below. Out of the eight (8) questions, one question which was on equal member voting rights was rated strongly agree while the other seven (7) were rated as agreed.
Equal voting rights among SACCO members is shown by a mean of 4.607 and standard deviation of 0.677. Adequacy of members’ growth indicated by a mean of 3.560 and standard deviation of 0.961 while that of their participation in AGMs is illustrated by a mean of 4.024 and standard deviation of 0.744. The representation of members in company governance is shown by a mean of 4.012 and standard deviation of 0.843. Members’ education and training is illustrated by a mean of 4.024 and standard deviation of 0.957 while the SACCO’s activities to improve members socio-economic welfare is represented by a mean of 4.286 and standard deviation of 0.632. The participation of Saccos in investment activities that benefit the SACCO and its members is indicated by a mean of 4.357 and standard deviation of 0.652 while impact of members’ participation on company growth and performance is shown by a mean of 4.238 and standard deviation of 0.670. Majority of the respondents agreed that growth of members has been a major issue affecting SACCOs. Moreover, the participation of members in SACCO activities was adequate but not sufficient due to lack of enough member education and training programs. The results of the study on the influence of participation of members on SACCO performance is shown in the Table 4.11 below.

Table 4.11: Influence of Participation of Members and Performance

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The members of the company have equal voting rights</td>
<td>84</td>
<td>4.607</td>
<td>0.677</td>
</tr>
<tr>
<td>The growth of members has been adequate</td>
<td>84</td>
<td>3.560</td>
<td>0.961</td>
</tr>
<tr>
<td>The members participation in the AGMs is adequate</td>
<td>84</td>
<td>4.024</td>
<td>0.744</td>
</tr>
<tr>
<td>There is adequate member representation in governance of the company</td>
<td>84</td>
<td>4.012</td>
<td>0.843</td>
</tr>
<tr>
<td>There is adequate member education and training</td>
<td>84</td>
<td>4.024</td>
<td>0.957</td>
</tr>
<tr>
<td>The activities of the company are aimed at improving members’ social and economic well being</td>
<td>84</td>
<td>4.286</td>
<td>0.632</td>
</tr>
<tr>
<td>The company participates in investment activities that benefit members and the company</td>
<td>84</td>
<td>4.357</td>
<td>0.652</td>
</tr>
<tr>
<td>Participation of members has impacted positively on the growth, performance and sustainability of the company</td>
<td>84</td>
<td>4.238</td>
<td>0.670</td>
</tr>
</tbody>
</table>

4.5.2 Correlation Coefficients

Correlation analysis was conducted to determine relationship between participation of members and performance of SACCOs. The findings are indicated in Table 4.12 below. The findings showed that subsets of participation of members against performance were as follows: member education & training \((r=0.145)\), members’ welfare \((r=0.142)\), rights of members \((r=0.073)\) and
business self-reliance ($r=0.021$) which were positive but statistically insignificant at $p<0.01$. However, the results of analysis indicate that overall members participation ($r=0.710$, $p<0.01$) has a positive and significant relationship with performance of SACCOs in Nairobi County.

**Table 4.12: Correlations between Participation of Members and Performance**

<table>
<thead>
<tr>
<th></th>
<th>Rights of Members</th>
<th>Members Education &amp; Training</th>
<th>Member's Welfare</th>
<th>Business Self-Reliance</th>
<th>Participation of Members</th>
<th>SACCO Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rights of Members</td>
<td>Pearson Correlation</td>
<td>.571**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members Education &amp; Training</td>
<td>Pearson Correlation</td>
<td>.396**</td>
<td>.597**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Members' Welfare</td>
<td>Pearson Correlation</td>
<td>.407**</td>
<td>.585**</td>
<td>.613**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Business Self-Reliance</td>
<td>Pearson Correlation</td>
<td>-.020</td>
<td>.095</td>
<td>.041</td>
<td>.055</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.857</td>
<td>.388</td>
<td>.711</td>
<td>.618</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
<tr>
<td>Participation of Members</td>
<td>Pearson Correlation</td>
<td>.073</td>
<td>.145</td>
<td>.142</td>
<td>.021</td>
<td>.710**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.511</td>
<td>.188</td>
<td>.198</td>
<td>.851</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
<td>84</td>
</tr>
</tbody>
</table>

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

The researcher conducted a regression analysis to determine how participation of members affected SACCO performance. The results of linear regression from Table 4.13, revealed that R square was 0.505 ($R^2 = 0.505$) which indicate that there is a good level of prediction and further implied that 50.5% change in SACCO performance is explained by participation of their members. This also implies that apart from participation of members, there exist other factors which influence SACCO performance that future studies should focus on.

Table 4.13: Model Summary of Participation of Members and Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.710&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.505</td>
<td>.499</td>
<td>.49730</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Participation of Members

The Analysis of Variance (ANOVA) was conducted at 5% level of significance and the findings indicated in Table 4.14.

Table 4.14: ANOVA OF Participation of Members and Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>ANOVA*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
</tr>
<tr>
<td>1</td>
<td>Regression</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance  
b. Predictors: (Constant), Participation of Members

The statistical significance, in the Table 4.14 above revealed that the F-value (1, 83) = 83.507, and the p-value is 0.000<.01 an indication that the model is a good fit therefore significant in explaining members participation on performance of SACCOs in Nairobi County.
Table 4.15: Regression Coefficients of participation of members and performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.814</td>
<td>.234</td>
<td>7.761</td>
</tr>
<tr>
<td></td>
<td>Participation of Members</td>
<td>.521</td>
<td>.057</td>
<td>.710</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

The findings of the study indicate that the variable members participation had significant effect on performance of SACCOs in Nairobi county as indicated by their significance levels P<0.005. Based on the model coefficients in the table above the relationship between members participation and performance of SACCOs can be expressed as; SACCO Performance = 1.814 + 0.521 participation of Members.

The overall findings indicate that members participation (r=0.710, p<0.01) has a positive and significant relationship with performance of SACCOs in Nairobi County. The findings are in line with Franken & Cook (2017) who concluded that active participation of members influences overall performance of cooperatives. Liang, Huang, Lu & Wang (2015) also found that participation of members positively impacted economic performance of cooperatives. Taiwo & Okafor (2011) also established existence of a significant relationship between participation of members and cooperative performance. However, Huang, Zazale, Othman, Aris & Ariff (2015) contradicted the above findings and found no significant association between members’ participation and cooperative performance.
4.6 Chapter Summary
This chapter presented the results of descriptive and inferential statistics analysis conducted on information provided by senior executives working in the SACCO sector. The general information was presented in figures while the descriptive statistics were displayed in frequency tables and descriptive tables with their respective mean and standard deviations. The presentations are aligned to the study objectives and covered three variables that are board structure, board committees and participation of members on influence of performance of SACCOs. The regression output showed that board structure, board committees and participation of members positively and significantly affect SACCO performance. The next chapter will present the summary, discussion, conclusion and recommendations on research improvement and further studies.
CHAPTER FIVE

5.0 RESULTS AND FINDINGS

5.1 Introduction

This concluding chapter provides comprehensive overview on conclusions, discussions and recommendations that can be implemented based on discoveries obtained on the study.

5.2 Summary of Findings

The purpose of this study was to investigate how corporate governance influences performance of SACCOs in Nairobi County. The objectives covered are: to determine how board structure influences performance of SACCOs, to determine how board committees’ influences performance of SACCOs and to determine how participation of members influences performance of SACCOs. Some of the beneficiaries from this research are: government, policy-makers, SACCO management and boards, academicians and members.

Descriptive research technique was applied to establish the influence of corporate governance on performance of SACCOs within Nairobi County. The sampling frame consisted of all the forty (40) SACCOs accredited by the regulator. A structured questionnaire was used to gather primary data which was analyzed using SPSS. Of the 40, 28 SACCOs participated in the study giving a response rate of 70%.

The linear regression results of the first objective on board structure is shown by $R^2 = 0.643$, $F(1, 83) = 147.587$, p-value$<0.005$. Out of all factors affecting SACCO performance, contribution of board structure is 64.3% while that of other factors is 35.7%. The ANOVA output was significant p$<0.005$ thus board structure’s appropriateness in predicting SACCO performance was statistically significant. The output showed board structure can influence SACCO performance ($\beta=.805$, t=5.53, p$<0.005$) hence an increase in board structure by one influences SACCO performance by .805. The relationship between board structure and SACCO performance can be expressed in a linear equation as; $SACCO\ Performance = 1.236 + 0.805\ Board\ Structure$. 
The linear regression results of the second objective on board committees is illustrated by $R^2 = 0.710$, $F (1, 83) = 201.130$, p-value<0.005. Out of all factors influencing SACCO performance, allocation of board committees is 71.0% while that of other factors is 29.0%. The ANOVA output was significant p<0.005 thus board committees’ suitability in predicting SACCO performance was statistically significant. The output showed board committees’ can influence SACCO performance ($\beta = .806$, $t=3.217$, p<0.005) hence an increase in board committees’ by one influences SACCO performance by .806. The relationship between board structure and SACCO performance can be expressed in a linear equation as; 

$$SACCO\ Performance = 3.217 + 0.806 \text{Board Committees}.$$  

The linear regression results of the final objective on members participation is illustrated by $R^2 = 0.505$, $F (1, 83) = 83.507$, p-value<0.005. Out of all factors influencing SACCO performance, proportion of participation of members is 50.5% while that of other factors is 49.5%. The ANOVA output was significant p<0.005 thus members participation appropriateness in predicting SACCO performance was statistically significant. The output showed participation of members can influence SACCO performance ($\beta = .521$, $t=7.761$, p<0.005) hence an increase in participation of members by one influences SACCO performance by .521. The relationship between participation of members and SACCO performance can be expressed in a linear equation as; 

$$SACCO\ Performance = 1.814 + 0.521 \text{participation of members}.$$  

5.3 Discussion

5.3.1 Board Structure and Performance

The output of inferential statistics showed $R^2 = 0.643$, $F (1, 83) = 147.587$, p-value<0.005. The ANOVA output was significant p<0.005 thus board structure’s appropriateness in predicting SACCO performance was statistically significant. The output showed board structure can influence SACCO performance ($\beta = .805$, $t=5.53$, p<0.005) hence an increase in board structure by one influences SACCO performance by .805. The relationship between board structure and SACCO performance can be expressed in a linear equation as; 

$$SACCO\ Performance = 1.236 + 0.805 \text{Board Structure}.$$  

The role of board in corporate governance cannot be shrugged off as their mandate includes but not limited to appointment and supervision of senior management, guidance and direction on strategy as well as provision of sufficient resources basing on company requirements. Several
factors acts as determinants in board structure they include board independence, board diversity, CEO characteristics and board size. Moreover, the board structure is responsible for performance of SACCOs by providing sound framework to ensure that best practices and high standards are maintained in the governance of SACCOs. According to Minnows & Monks (2011), an effective board should at all times provide good advice and counsel to the CEO, support investments and decisions that are of key interest to the organization and its stakeholders resulting to a stronger and more successful organization. In addition, each firm should be governed by a board that is effective and collectively responsible for long-term success of the corporation (Mallin, 2013). Hence, board structure’s importance cannot be underestimated in provision of good corporate governance, performance and sustainability of SACCOs.

Size of the board has attracted several debates due to its impact on optimum organizational performance. Several researchers have indicated that the nature of human beings work best in groups of a certain size which leads to effective decision making. Wallin (2015) in an article on achieving a high performing board stipulates that a board shouldn’t be larger than 12 members as it leads to ineffectiveness and difficulty in controlling the board members. Mallin (2013) notes that smaller boards are more effective monitors due to ease in coordination and more cohesion which results to improved performance. Hakelius (2013) on a study in corporate governance deduces that large boards perform better whereas Uwuigbe & Fakile (2012) established existence of a substantial negative correlation between board size and performance of banks. It is evident that the number of board members is dependent on the purpose, nature and specific requirements of the entity.

Board independence is an important element in board structure. According to Micklethwait & Dimond (2017), free thinking is the best value directors can bring in a board which involves having a clear understanding of the business model as well as its strategy, operating practices, internal controls and risks faced by the organization and the industry at large. Board independence largely influences effectiveness of board of directors in reducing opportunistic actions and discretionary of the CEO and senior management (Daghshni, Zouhayer & Mbarek, 2016). The researchers observed that independent directors are associated with benefits of providing independent corporate advice and ensuring transparency in board decision making process which enhances overall corporate governance.
Board diversity has been given significant attention in board structure. Successful company boards need diversity in skills, perspectives, age, knowledge and gender. The benefit of a more diverse group is reduction in group thinking thereby fostering creativity whilst producing a wide range of solutions and perspectives to business problems (Mishra, 2016). Amoll (2015) in a study of board of composition Kenya’s publicly traded companies learnt that impact of board diversity in terms of level of education, age and gender on organizational performance was meaningful and beneficial. They concluded that board directors need to be appointed based on their personal attributes, experience and their ability to perform on the appointed roles.

In board structure, the CEOs are key players as they are responsible for the overall success of an organization. Consequently, the CEOs must play a delicate balancing act between management and board functions. According to an empirical study by Rechner & Dalton (1991), CEO characteristic can either be in form of CEO duality or non-duality. Duality is where CEO in a company simultaneously serves as chairperson of the board whereas non-duality signifies a situation where two separate persons will serve as chairperson and CEO of a company. Shareholder supremacy model supports the differentiation in roles of CEO and board chairperson as a chairman who is independent improves board capacity in management oversight (Larcker & Tayan, 2016). Rashid (2011) in a paper on board leadership structure and performance of corporations in Bangladesh deduces that high performing firms have a meaningful positive relationship between company performance and CEO non-duality, while low performing companies depicted a negative correlation on the same company measures. The researchers support separation of roles chairman and CEO as it results to benefits of reduction of agency problems and unbiased monitoring. The above research papers among others embrace the results of this paper that structure of the board is a key consideration on performance of SACCOs

5.3.2 Board Committees and Performance

As per inferential statistics, output of the linear regression model showed $R^2 = 0.710$, $F (1, 83) = 201.130$, p-value<0.005. The ANOVA output was significant $p<0.005$ thus board committees’ appropriateness in predicting SACCO performance was statistically significant. The output showed board committees’ can influence SACCO performance ($\beta=.806$, $t=3.217$, $p<0.005$) hence an increase in board committees’ by one influences SACCO performance by .806. The linear equation can be expressed as; $SACCO\ Performance = 3.217 + 0.806 \ Board\ Committees$. 
Board committees are needed in supporting the work done by the board. The committees are appointed to focus on specific areas whilst making recommendations to the board on delegated matters. Having various board committees in a firm indicates functional diversity in the board which helps in formulating innovative ideas thereby finding alternatives and solutions to strategic issues facing organization (Federo & Saz-Carranza, 2018). Hence, members of board committees should have company knowledge, independence, relevant experience and appropriate balance of skills to enable them discharge their respective responsibilities and duties effectively (Mallin, 2013).

Researchers have purported that board committees have an effect on performance of the organization. In Hong Kong, Lam & Lee (2012) in a study on firm performance and board committees viewed that board committees have both negative and positive associations with organizational performance. This was dependent on non-independence or independence on the constitution of the board committee respectively. In Kenya, Kamau et al. (2018) researched on governance of Kenyan financial institutions where it was inferred that board skills and board committees strongly influenced the performance of the institutions. Contrary, Puni (2015) in a paper on performance of Ghanaian publicly traded entities and board committees concluded that board committees had no statistically meaningful effect on corporate performance.

Board committees ensure effective and efficient management of board issues in a more detailed manner. Chen & Wu (2016) classifies board committee benefits into three namely: accountability task allocation and knowledge specialization. Knowledge specialization in committees is achieved through the process of decentralization whilst task allocation allows for efficient division of tasks amongst board members. Board committees thus help in accomplishing functions such as determining execution compensation, monitoring implementation, budgeting, financing and auditing. In Kenya, SASRA’s guidelines stipulates that SACCOs should not form more than four (4) board committees thereby avoiding duplication of roles and overloading of directors. The only mandatory committee is the audit committee. The other possible committees that can be formulated are education and governance, finance and human resources, nomination, business development and technology as well as credit.
The Nomination committee plays a key role in ensuring board members are equipped with appropriate educational qualifications, experience, independence, organizational knowledge, age and skills required in fulfilling their duties effectively. Agyemang-Mintah (2015) in a paper on nomination committee and performance of firms in UK concluded that nomination committee positively affected financial performance and the committee’s mission is to reduce agency conflicts by ensuring appointed members are working as a team in achieving shareholder’s interests. On the contrary, Puni, Osei & Ofei (2014) in a paper on firms listed in Ghana found nomination committees to have an adverse impact on financial performance. Researchers recommend a transparent nomination process of the members of the board for the committee to meet its objective of recruiting competent and ethical board members.

The Credit committee is key in SACCOs as they serve a common purpose of credit creation from pooling of members’ resources which results to credit risk exposure. The credit committee’s task is to ensure the risk exposure in credit is within recommended parameters as well as provisions for bad and doubtful debts are adequate and comply with requirements of the prudential guidelines. Gatuhu (2013) found out that banks have credit committees which are well established and tasked with monitoring performance of loans on monthly basis. He also revealed that independence of the credit committee is important to ensure that all credit approvals meet required standards set out in the credit policy thereby reducing biasness when reviewing loan applications.

The audit committee is vital as it warrants credibility, adequacy and relevance of information provided by a company to its investors and other stakeholders for use in assessing the firm’s performance. Fauzi & Locke (2012) in a paper on performance of listed firms and board structure in New Zealand found a positive correlation exists amongst firm performance and audit committee. However, Puni (2015) in an investigation of listed firms in Ghana supposed that audit committee had no effect on company’s financial performance. Audit committee are more effective where most members are independent and financial experts while audit committee meetings should be geared towards relevant matters that augment financial performance. This research presumes that presence audit committee enhances audit quality and financial reporting whilst improves performance of the SACCOs.
5.3.3 Participation of Members and Performance

As per the inferential statistics, output of the linear regression model showed $R^2 = 0.505$, $F (1, 83) = 83.507$, p-value $< 0.005$. The ANOVA output was significant $p < 0.005$ thus members participation appropriateness in predicting SACCO performance was statistically significant. The output showed participation of members can influence SACCO performance ($\beta = .521$, $t = 7.761$, $p < 0.005$) hence an increase in participation of members by one influences SACCO performance by $.521$. The relationship between participation of members and SACCO performance can be expressed in a linear equation as; $SACCO\ Performance = 1.814 + 0.521 \cdot \text{participation of members}$.

Member’s participation is the essence of SACCOs and lack of such engagements would have an impact on their performance. Successful SACCOs are mostly reliant on participation of members which is complemented by effective and efficient governance structure and management Moreover, a strong membership base as well as degree of members’ participation are the foundations for cooperative success (Huang et al., 2015). Since, cooperatives are member based organization the participation of members in their governance and activities determines the level of performance and sustainability of SACCOs.

Franken & Cook (2017) studied governance of cooperatives in the US concluded that cooperatives with more active members tend to have better overall performance. Hammad, Yaacob, Abdullah, & Abu-Bakar-Ah (2016) in a paper on aspects affecting performance of cooperatives in Malaysia concluded that members’ participation positively impacted on performance of cooperatives. Participation of members should thus be improved through enhancing the quality of service, involving members in Sacco activities, adhering to rights of members, providing useful education and training as well as provision of adequate facilities and infrastructure.

Members of SACCOs are bestowed with relevant rights. These rights are granted to members upon joining a SACCO through registration, payment of joining fee and purchase of minimum number of shares as well as making monthly contributions. Bijman et al. (2012) in a research on cooperatives in European Union established that proportional voting rights of members positively impacted on cooperative performance. They deduced that each member had at least one vote in a democratic decision making structure. Moreover, Battaglia, Bianchi, Frey & Passetti (2014) argues that cooperatives are social enterprises in which all members should participate in decision making.
processes and governance as mandated by the basic principles of cooperatives. Members are thus entrusted with rights and responsibilities of electing credible individuals as directors to manage their SACCOs whilst improving overall performance of the organization.

Education and training is one of the cooperative principles which requires SACCOs to conduct ongoing educational training programs for their members as it increases their effective contribution towards growth of cooperatives. In Indonesia, Firmansyah & Al-Rozi (2014) in a study on factors affecting members’ participation in cooperatives inferred that participation of members of cooperatives can be enhanced through provision of useful education and training to members. In Kenya, Marogocho (2012) in a study on impact of SACCOs on teachers’ welfare in Kenya concluded that education provided to members enhanced their knowledge resulting to improved saving culture of the members’ thereby improving cooperative performance. Education and training of members is thus key in ensuring effective participation of members in SACCOs to enhance their overall performance.

Members’ welfare in Sacco’s entails accomplishing the interests of its members and the community to improve their livelihoods. Cheruiyot, Kimeli & Ogendo (2012) researched on effect of strategies implemented to mobilize members savings in SACCOs in Nairobi revealed that the major objectives of SACCOs is to promote general well-being and economic benefits of their members as well as provision of loans to its members thereby enhancing both members prosperity and welfare such as ability to meet emergent needs. SACCOs mandate thus provision of services that enhance social welfare of their members.

Active participation of members has a positive impact on Sacco’s business self-reliance. Kadagi, Ahmed & Wafula (2015) revealed that SACCOs undergone investment diversification from their traditional practice of only lending to members to include investments in listed securities, real estate, term deposits and other income generating investments. The paper also supposed that SACCOs have undertaken portfolio diversification strategies to boost their revenues, grow their asset base as well as offer diversified financial services and products to meet growing needs of their members. The conclusions of this paper indicates that members’ participation influences SACCO performance. Such has been discussed based on rights of members, education & training, members’ welfare and business self-reliance ideologies which are applicable to SACCOs.
5.4 Conclusions

5.4.1 Board Structure and Performance

Regression model was used in testing if board structure significantly predicted SACCO performance. Regression results depicted that prediction of influence of board structure on performance of SACCOs was positive and statistically significant. Based on these results, the research concludes that board structure influenced performance of SACCOs hence it is an important aspect in SACCOs.

5.4.2 Board Committees and Performance

The linear regression results illustrated that impact of committees of the board on SACCO was positive and statistically significant. Based on these results, this research concludes that board committees’ influences performance of SACCOs hence it is an important aspect in SACCOs.

5.4.3 Participation of Members and Performance

The regression model depicted that prediction of influence of participation of members on performance of SACCOs was positive and statistically significant. Based on these results, this research concludes that participation of members influences performance of SACCOs hence it is an important aspect in SACCOs.

5.5 Recommendations

5.5.1 Recommendations for Improvements

5.5.1.1 Board Structure and Performance

The researcher recommends SACCOs to consider competency and independence of the board structure as it influences long term performance of SACCOs. Hence, it is paramount for the boards of SACCOs to be duly constituted as it determines their effectiveness in decision making and monitoring company strategies. Moreover, it is key for SACCOs to consider age, gender, knowledge and skills of their board members as it influences both performance and sustainability of SACCOs. This research also recommends SACCOs to consider board independence as it is a critical aspect of unbiased strategic decision making as well as ability to challenge the norm.
5.5.1.2 Board Committees and Performance

This research recommends experience and qualifications as key considerations when assigning board members to board committees. The research also supposes that constitution of board committees should be done in an independent manner. Such independence enhances board effectiveness resulting to improved corporate governance and organizational performance. Further, SACCOs should form nomination committee for appointment of fit and appropriate individuals on their boards. Lastly, the audit committee should be constituted of mainly independent directors who must be financial experts.

5.5.1.3 Participation of Members and Performance

Participation of members is the main reason for existence of cooperatives and their spirit as an enterprise. Hence, the survival of SACCOs is dependent on active participation of members. In this regard, the study recommends SACCOs to enhance participation of members through provision of quality service as well as increased education and training of their members. Further, SACCOs should offer diversified products to meet divergent needs of their members. Lastly, SACCOs should ensure efficient allocation of resources and undertake investment activities that benefit both members and the SACCOs.

5.5.2 Recommendation for Further Research

The study focused on corporate governance with CEOs and senior management being the targeted population. While the choice of the CEO and senior management provided the relevant information required from both governance and management perspectives, multiple respondents from board of directors and SACCO members would have strengthened the study design. Hence, there is need for inclusion of board of directors and SACCO members as respondents for future research into the corporate governance of SACCOs. In addition, the study recommends further studies to be carried out on effectiveness of cooperative boards, impact of members’ education program and emergent governance issues facing SACCOs.
REFERENCES


Babatunde, A. A. & Akeju, J. B. (2016). The Impact of Corporate Governance on Firms’ Profitability in Nigeria. *International Journal of Business and Management Invention, 5* (8), 69-72.


15 July 2019

To whom it may concern

RESEARCH PROJECT BY – WANGUI GIBSON KENYUA - ID 656100

The bearer of this letter is a student at the United States International University-Africa pursuing a Master of Business Administration-Strategic Management.

As part of the program, he is required to undertake a research project on “The Influence of Corporate governance on Performance of Sacco in Nairobi County. This requires him to collect data and information from various relevant institutions.

Kindly assist by enabling him access data, information and contacts with respondents who can complete his questionnaires. I assure you that the information provided will be treated with the utmost confidentiality.

Should you have any queries regarding the student research please feel free to contact me on my email, tingle@usi.ac.ke or phone, +254 730116419

Yours sincerely

[Signature]

Dr. Teresa Linge
Acting Dean, Chandaria School of Business
APPENDIX 2: NACOSTI RESEARCH PERMIT

This is to certify that Mr. Gibson Wangui of United States International University Africa, has been licensed to conduct research in Nairobi on the topic: THE INFLUENCE OF CORPORATE GOVERNANCE ON THE OVERALL PERFORMANCE OF SACCOS IN NAIROBI COUNTY for the period ending: 29/July/2020.

License No: NACOSTI/2/19/158

Applicant Identification Number

Director General

National Commission for Science, Technology and Innovation

Verishield QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.
Dear respondents,

I am a Masters Business Administration (Strategic Management) student in the Chandaria Business School at the United States International University – Africa. I am carrying out a study on “Influence of Corporate Governance on performance of SACCOs in Nairobi County”. The main purpose of this questionnaire is to gather data to assess influence of corporate governance on performance and sustainability of SACCOs. The responses pertaining to this questionnaire will treated with utmost confidentiality and used only for academic purposes.

Your participation in this study will be highly valued.

Thanking you in advance.

Yours Faithfully,

Gibson Kinyua.
APPENDIX 4: QUESTIONNAIRE

A: GENERAL INFORMATION

Kindly answer the following questions as truthfully as possible. Kindly answer the following questions by ticking the most appropriate answer (✓)

1 What is your position Title? .................................................................

2 Gender

   Male [ ]  Female [ ]

3 Age Bracket

   Below 25 Years [ ]  25 to 35 Years [ ]
   36 to 45 Years [ ]  46 Years and above [ ]

4 How long is your duration of employment in your current SACCO?

   Less than 1 Year [ ]  1 to less than 3 years [ ]
   3 to less than 5 years [ ]  Above 5 years [ ]

5 What’s your level of education attainment?

   Secondary Education [ ]  College [ ]
   University Education [ ]  Postgraduate [ ]

6 How long has your SACCO been running?

   Less than 5 years [ ]  6 to 10 years [ ]
   11 to 20 years [ ]  Above 20 years [ ]

7 What is the estimated annual turnover of the SACCO?

   Up to 10 million [ ]  10 to less than 30 million [ ]
   30 to less 50 Million [ ]  Above 50 Million [ ]

8 How many members are in your SACCO?

   Up to 50 Members [ ]  50 to less than 150 members [ ]
   151 to 250 members [ ]  Above 250 members [ ]
9 How many employees are employed by the SACCO?
   Up to 10 employees [ ]
   11 to less than 20 employees [ ]
   21 to 30 employees [ ]
   Above 30 employees [ ]

10 How many branches does the SACCO have?
   1 branch [ ]
   2 to less than 5 branches [ ]
   5 to less than 10 branches [ ]
   Above 10 branches [ ]

B. Board structure and SACCO Performance

11 What’s the number of board members serving on the board inclusive of the chairperson
   One [ ]
   Two [ ]
   Three [ ]
   Four [ ]
   Five [ ]
   Six [ ]
   Seven [ ]
   Eight [ ]
   Others (specify) ...........

12 Has the SACCO separated the role of CEO and Chairperson of the SACCO?
   No [ ]
   Yes [ ]

13 Who are the majority board members in your SACCO?
   Executive Members [ ]
   Independent Members [ ]
   Other (specify) ...........
14 What’s the level of education attainment of board members in your SACCO?

- Secondary Education [  ]
- College [  ]
- University Education [  ]
- Postgraduate [  ]

To what extent do you agree with the following? Please tick appropriately; 1 = Strongly Agree, 2= Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree

<table>
<thead>
<tr>
<th>STATEMENT</th>
</tr>
</thead>
</table>
| **Board Size**
1. Expenses related to formulation of the board is realistic in relation to board management costs
2. The number of directors in the board is realistic
3. Is the board efficiency comparative to the board size
4. CEO is fully empowered by the board to run the company

<table>
<thead>
<tr>
<th>STATEMENT</th>
</tr>
</thead>
</table>
| **Board Independence**
1. The existence of independent directors has a positive impact on SACCO performance
2. The board’s decision making and implementation process is collaborative and interactive in nature whilst also involves sufficient sharing of company information amongst board members.
3. The board is ultimately responsible for overall cooperative performance
4. The directors prioritization on company matters is over and above other interests
### Statement

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board Diversity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The key considerations made during board appointments are education qualifications, age, gender, knowledge and relevant skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. There is satisfactory number of female members in the board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The women board members’ contributions on board matters are appropriate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. There is satisfactory number of mature and experienced directors in the board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The relativity of age to the experience of board members is satisfactory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. The utilization of board members’ knowledge and skills in the board is sufficient.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**C: Board Committees and SACCO Performance**

1. **What type of committees does the board have?**
   - Nomination Committee: Yes [ ] No [ ]
   - Credit Committee: Yes [ ] No [ ]
   - Audit & Risk Committee: Yes [ ] No [ ]
   - Others (Specify): ………………………………………………………

2. **Kindly indicate the number of directors serving per board committee**
   - One [ ] Two [ ] Three [ ]
   - Four [ ] Five [ ] Six [ ]
   - Seven [ ] Eight [ ]
   - Others (specify): ……..
To what extent do you agree with the following? Please tick appropriately; 1 = Strongly Agree, 2= Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree

<table>
<thead>
<tr>
<th>STATEMENT</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board Committee Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The key considerations in selection criteria of board committee members are education qualifications, knowledge, professional skills and experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The specialization of board committees increases effectiveness and decision making in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The division of board tasks increases the level of board efficiency and productivity.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The board committees are associated with high board accountability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. There is a reasonable representation of board members on the board committees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Nomination Committee</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The appointment of board members involves exhaustive vetting process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The considerations made during board appointments are possession of relevant experience and skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The cooperation and participation of each board member is treated with high regard and diverse opinions are tolerated</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. There is openness and transparency on board matters which are conducted on a defined agenda</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Credit Committee</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. There is adequate oversight of the Company’s credit risk profile and lending policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. The provisions for bad and doubtful debts are done in compliance with requirements of the prudential guidelines.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The committee has impacted positively on the risk framework of the company</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Audit & Risk Committee

1. The Company has adequate oversight on the audit, financial reporting and internal control functions
2. The audit and risk committee is independent of management and makes appropriate decisions
3. The committee has impacted positively on the quality and financial health of the company

### D: Participation of Members and SACCO Performance

To what extent do you agree with the following? Please tick appropriately; 1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree

1. The members of the company have equal voting rights
2. The growth of members has been adequate
3. The members participation in the AGMs is adequate
4. There is adequate member representation in governance of the SACCO
5. There is adequate member education and training
6. The activities of the company are aimed at improving members’ social economic well being
7. The company participates in investment activities that benefit members and the company
8. Participation of members has impacted positively on the growth, performance and sustainability of the company

Thank you for making effort to complete this questionnaire.
# APPENDIX 5: LIST OF SACCOS LICENSED BY SASRA TO OPERATE IN NAIROBI COUNTY

<table>
<thead>
<tr>
<th>NO.</th>
<th>NAME OF SACCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AFYA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>2</td>
<td>AIRPORTS SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>3</td>
<td>ARDHI SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>4</td>
<td>ASILI SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>5</td>
<td>CHAI SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>6</td>
<td>CHUNA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>7</td>
<td>COMOCO SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>8</td>
<td>ELIMU SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>9</td>
<td>FUNDILIMA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>10</td>
<td>HARAMBEE SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>11</td>
<td>HAZINA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>12</td>
<td>JAMII SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>13</td>
<td>KENPIPE SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>14</td>
<td>KENVERSITY SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>15</td>
<td>KENYA BANKERS SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>16</td>
<td>KENYA POLICE SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>17</td>
<td>KINGDOM SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>18</td>
<td>MAGEREZA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>19</td>
<td>MAISHA BORA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>20</td>
<td>METROPOLITAN NATIONAL SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>21</td>
<td>MWALIMU NATIONAL SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>22</td>
<td>MWITO SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>23</td>
<td>NACICO SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>24</td>
<td>NAFAKA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>25</td>
<td>NATION SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>26</td>
<td>NYATI SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>27</td>
<td>SAFARICOM SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>28</td>
<td>SHERIA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>29</td>
<td>SHIRIKA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>30</td>
<td>SHOPPERS SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>31</td>
<td>STIMA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>32</td>
<td>TAQWA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>33</td>
<td>TEMBO SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>34</td>
<td>UFANISI SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>35</td>
<td>UKULIMA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>36</td>
<td>UNAITAS SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>37</td>
<td>UNITED NATIONS SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>38</td>
<td>WANA – ANGA SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>39</td>
<td>WANANDEGE SACCO SOCIETY LTD</td>
</tr>
<tr>
<td>40</td>
<td>WAUMINI SACCO SOCIETY LTD</td>
</tr>
</tbody>
</table>