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Corporate Governance and Performance of Selected Savings and Credit Co-operative Society in Nairobi County, Kenya

Akinyi Tabitha Lennah [a++*] and Shadrack Bett [a]

[a] *Business Administration Department, School of Business, Economics and Tourism, Kenyatta University, P. O. Box-43844-00100, Nairobi, Kenya.*

Authors' contributions

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ABSTRACT

The study examined the effect of corporate governance on the performance of SACCO in Nairobi County, Kenya. Specifically, the study investigated the effect of board independence, board composition, ethical considerations and board policies/procedures on the performance of SACCO in Nairobi County, Kenya. Three theories (stakeholders' theory, agency theory and balance scorecard) were used to underpin the study. The study had a population target of 6 DT SACCOs with senior management as respondents. Purposive sampling was used to identify respondents due to their level of information needed in the study. The outcomes of the study revealed that board independence has positive and significant effect on selected SACCOs' performance; Board composition has positive and significant effect on selected SACCOs' performance; ethical consideration has positive and significant effect on selected SACCOs' performance; and board policy/procedure has positive and significant effect on selected SACCOs' performance in Nairobi City County, Kenya. The study suggests that SACCOs' management should ensure that high degree of freedom be accorded to the board members which allow them to freely engage in proper decision-making process. The management of the SACCOs should implement policies that would discourage gender disparity amongst board members. This would ensure integration of ideas across both gender thereby fusing ideas that would optimal the performance of the SACCOs.

[++] *MBA Student;*
**Corresponding author: Email: lennahakinyi@gmail.com;*

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1. INTRODUCTION

The current business environment is characterized by stiff competition and various challenges which disrupt business activities. Current issues relating to corporate control have steered to the propagation codes of corporate control that stressed on accountability and organizational conformance measures (Edwards & Clough, 2005). These codes are put forth to determine in detail what ensues good corporate governance in an organization as view in the code of United Kingdom (UK) Cadbury (Edwards & Clough, 2005).

The adoption of good corporate governance is becoming increasingly stable in ddeveloping countries recently because of it capabilities to positively impact on growth sustainability, bottom line boosting and investor goodwill generation. The realization of durable investors value and the interest of other shareholders is ensured via ccorporate governance which is referred to as the procedure and composition employed in directing and managing organizational affairs toward the maximization of progressive business and accountability in the corporate world which is the business ultimate goal. In support, Claessens, Fan, & Wong (2002) argued that sound corporate plans are advantageous to firms via greater access to financing and better accomplishment.

Shareholders have shown increasing request for world-wide standard of upright corporate performance that help in the formation of investors' value irrespective of the system through which various ways of lawful and formal outline assessment of nations is achieved (Kaufmann et al. 2003; and Gompers, Ishii & Metrick, 2003). The process of corporate governance is of utmost priority to the workers because it shaped the formation of capital and its allocation into diverse pockets and labour force investment (Gourevitch & Shinn, 2005).

Corporate governance is attributed to efficiency, transparency and accountable leadership, discipline and standards that honors the rights of every investors (Uganda's Institute of Corporate Governance, 2000). Firms' performance is critical to eeffective corporate governance given the extent of collapses in high profile corporate businesses and indignity showed in the US. The fall of United Insurance in Kenya, Goldenberg, Lake Star Insurance and Anglo Leasing indignity apparently figured out the desire for better corporate governance due to its effect on health economic state of corporations and society at large.

Performance is the gauge of efficiency and regulatory consistency exhibited by the SACCO sector that allows for increased profitability [1]. It is determined by interest on deposit, dividend, profitability, increased retention, membership growth and liquidity [2]. In addition, SACCOs performance indicators has been indicated by SASRA institution (2018) to include deposit, assets, capital reserves, loans, liquidity, membership and capital adequacy. Increase in these variables' points to useful increase in SACCOs' growth [3]. The year 2010 witnessed overall assets increase in SACCO sector of Kenya from 216 billon Kenyan shillings. to 248 billion Kenyan shillings. Kenyan SACCO sector is presently Africa's biggest firm accounting for 60, 64, and 63 per cent of loan, reserves, and assets of the continent (SASRA, 2011). In 2013 SACCO recorded a significant increased savings from 9.2 which was recorded in 2009 to 10.6; this was possible due to the utilization of financial products. According to CBK & FSD (2013) in Kenya, SACCO credit obtaining ratios was 3.1 and 4.0 indicating the level of increased activity.

Corporate governance as viewed by Mayer (1997), involves the merging of investors interests and business administrators in order to ensure firms ventures are operated for the investor's benefits. Corporate governance ensures that the interests of stakeholders, managers, employees and other insiders in the business are considered with utmost priority. The system in which organizations are directed and controlled is considered as corporate governance. This is a relationship set flanked by company's shareholders, directors and other stakeholder's which stipulates the roles, duties, powers and control of investors over interest minority by directors, employees rights, other stakeholders and the rights of creditors (Muriithi, 2009). Furthermore, Metrick and Ishii (2002) defines corporate governance as the combination of fair capital return on investment as promised and the operational commitment of firm's efficient investment.

1.1 Statement of the Problem

Saving and credit cooperative societies have remained a key factor in the mobilization of funds from deficit spenders and surplus spenders in Kenya. Their intermediation role in economic stability cannot be overemphasized. SACCO'S contribution to Kenyan gross domestic product has been consistent, it subsequent fall have implication on the general economic performance. This subsector contributed notably to the economy. However, this decreasing contribution has been attributed to high cost of external debt, insufficient internal capital, and strict capital adequacy requirements and under capitalization (Salaton, Gudda & Rukaria, 2020). This severe outcome has negative implications on the country's economy [4].

The performance of SACCOs in Kenya has witnessed a declining trend. In 2014, the sector witnessed about 13% decrease in profits with further declined in 2014 to 6%. However, there was a rise in the profit performance to 10% (SASRA, 2017). In 2017, SACCOs ran into loss worth billions of Kenyan Shillings with notable SACCOs losing KSh1b (KNA, 2017). Additionally, the performance of SACCOs was further affected by the covid-19 which led to the inability of debtors to pay their loans. Evidently, CBK (2020) posited that SACCOs' credit risk increased with NPLs rising from 5.2% in 2016 to 9.1% 2020 June, resulting into Ksh4.7 billion as a result of the hardship faced by members in loan repayment. This triggers a growing concern to stakeholders, investors and the management of such firms.

Despite Kenyan SACCO's performance, literatures on the linkage of corporate administration and SACCOs' performance is still scanty. Adika, Maru and Mugambi [5] sought to ascertain the impact of board independence on firms listed in Nairobi Securities Exchange (NSE), results implied that a direct and significant effect exist amid company's overall performance and board independence. Michael [6] determined the effect of board of directors as a tool of strategic resource on organizational performance of listed insurance companies in NSE. The study established that board independence affected firm performance through the determination of total assets, sales competitive position and dividends.

Also, Muhammad, Nazir, Muhammad, Maqsoom, Nawab and Fatima [7], described the agile administration customs implication on the effectual performance of project in Pakistan. The research study discovered an inverse effect of expected complex project on the performance of projects as compensated by the agile management practice. Therefore, the current study seeks to examine corporate governance effect on selected SACCOs' performance in Nairobi City County, Kenya considering the inclusion of ethical consideration and policy/procedures which other studies isolated.

1.2 Objectives of the Study

1.2.1 General objective

The research's purpose is to examine the effect of corporate governance on the performance of selected SACCOs in Nairobi district, Kenya.

1.2.2 Specific objectives

The specific objectives include to:

i. Estimation of the impact of board independence on the selected Kenyan SACCO's performance
ii. Establish the impact of board composition on the selected Nairobi county SACCO's performance (qualifications, gender and size are indicators of board composition)
iii. Evaluation of the level of ethical consideration on selected SACCO's performances in Nairobi County.
iv. Explore the influence of the policies/actions of the Board of Directors on the performance of some of the SACCO companies in Nairobi City County, Kenya.

The research questions were formulated in view of the specific objectives:

2. LITERATURE REVIEW

2.1 Theoretical Review

Agency Theory was propounded by Jensen and Meckling in 1976. The theory defines the connection flanked by business agents and principals. The agent is hired to perform a service and delegate decisions on behalf of the principal. Operating managers are guided by shareholders' principles towards expansion of investors stock. The theory's end point is based on: (1) making the most out of shareholders' investment by prioritizing the difference in interests of the principal and that of the agent as a result of agents' quest to optimized the utilization of resources for own gain rather than principal own gain: (2) the agent has access to a huge amount of information which is of value for the enrichment of the agents and: (3) in incompetence of principal to ensure agent performance compliance to principal interests. In this case, the agency effort is not acknowledged [8].

Stakeholder Theory was introduced by Mitroff in 1983. Contrasted with strict agency theory, the theory restricts investors to a single interest in a corporate structure. The responsibility of outside environment demands that corporate organization affect the behaviour in the wider market than just investors simply, has become the extreme of the stakeholder theory extensity acknowledgement of corporate affairs. McDonald and Puxty (1979), for example anticipated that firms are not instrumental in shareholders' values but survive within the society therefore, has society's responsibilities. The acknowledgement of this fact has been as current event. The enhancement of everyone's position when resources are pulled together culminates into the creation of economic value at will by people (Freeman & McVea, 2004).

Stewardship Theory was developed by Davis, Schnoorman, and Donaldson in 1997. While agency proponents sight business executive and directors as opportunists and self-serving, stewardship scholars, refuted the axioms of agency theory, pointing out that business chiefs regularly possess interests that are in line with those of investors. A steward is defined as a person who guides and looks after another's property. The stewardship theory states that managers, who are given freedom performs accountably as stewards of the capital they manage. Stewardship theorist concluded that given alternative between self-serving character and pro-organizational character, a steward prioritizes cooperation than mutiny. Stewards are perceived to be collectivist, pro-organizational and reliable. As postulated by the theory of stewardship, the interest of possessors and shareholder is protected by the company's executives. They also make decisions on their behalf.

Balance score card theory was modified in 1992 by Kaplan and Norton to measure corporate success. The approach contains both financial and non-financial measures intended at assisting organizations in focusing on long-term success. It was first employed in the business world, but it has subsequently gained widespread use in a variety of industries. According to Hillstrom (2009), the paradigm was implemented by nearly 60% of Fortune 100 businesses in 2002, which makes it the most popular managerial method for improving performance (as mentioned in Wahba, [9]. BSC provides insight to the management that can be used in leveraging and exploiting intangibles in areas involving customer relationship management, intellectual capital and product development (Bible et al., 2006). It also helps in linking short term with long term strategy hence promoting a shared vision [9], Menge and Lewis (2012) and facilitating the connection between strategy and measurable results as cited by Wahba, [9].

2.2 Empirical Review

2.2.1 Board independence and performance

Adika, Maru and Mugambi [5] determined to ascertain the effect of board independence on enumerated companies' feat in Nairobi Securities Exchange (NSE) using explanatory and descriptive research design. The study used all the 45 firms covering the year 2007 to 2013 therefore making it a census study. Annual reports, NSE handbook and company websites are were data was obtained. Inferential and descriptive methods of analysis were employed to analyse primary data while pooled data was analysed using classical linear regression model and panel data. A direct and statistical significance effect of board independence on company performance was found. The study took place in Nairobi but focused on firms listed in NSE whereas, the current work is also conducted in Nairobi but focused on DT SACCOs which are not yet listed in NSE thereby produce different results.

The determination of the influence of the directors of the board as a tool of planned source on managerial accomplishment of listed insurance companies in NSE was conduted by Michael [6]. Descriptive technique of analysis was adopted where a sample of 5 insurance companies was used. Structured and unstructured questionnaire was utilized in the collection of primary data. SPSS was used in analysis. Graphs, frequency tables, means and percentages were used to show results. The research established that board independence affected firm performance through the determination of total assets, sales competitive position and dividends. The study dedicated on insurance industry whereas, this study focused on the SACCO industry both being under financial sector with unique business models hence different results.

Chiang and Lin [10] did a study on the examination of board independence and firms' feat using 1194 listed companies in the Taiwaneese Stock Exchange. The regression technique used to analyse primary data were descriptive and multivariate analysis. The research established that the number of independent board members had a significant and is positively correlated with company performance. The study determined the number of independent directors and therefore focusing only on independent board whereas, this study examined the general board size as a whole. It was also done in Taiwan unlike this study which is done in Kenya being a different envirnoment with different business characteristics, produces different results.

A study by Sener, Raroglu, and Arem [11] on the influence of board and corporate independence focusing on the characteristics of environmental companies listed on the Istanbul Stock Exchange, using a quantitative study with a sample size of 80. Secondary statistics was drawn from company yearly information and websites. The performance was measured on the bases of sales and price cost margin. Descriptive and regression analysis was done with presentation through tables, standard deviation, mean, and percentages. The study findings indicated that board independence effect on organizational feat was different depending on the environment. The research was done in Istanbul. This study was carried out in Nairobi.

2.2.2 Board compositions and performance

Board compositions effects on firm performances listed at the National Stock Exchange in India was examined by Kudal and Dawar [12]. Using regression analysis, the study discovered that the number of independent board members and the size of the board of directors is related significantly with the company's profitability, while an insignificant correlation between the number of board members, female directors, and the company's performance was observed. The investigation was done among listed firms in India. This study worked with SACCOs' firms in Nairobi.

Oyinlola [13] examined corporate board composition effect on firms' performance in Nordic Countries. A pooled regression analysis was conducted. It was observed from the study outcomes that board size and firm performance had significant effect. Gender diversity documented an insignificant effect on firm performance. Additionally, board independence has a positive significant effect on firms' performance while board experience had a significant and positive impact on company's performances. The study focused on Nordic countries (Sweden, Finland, Norway and Denmark). This study worked with SACCOs in Nairobi, Kenya.

Rahman and Nur Saima [14] investigated how efficient board composition can be on firms' performance in Bangladesh. Correlation and regression techniques of analysis were employed. The results of the study show that female board members and the independence of the board have an insignificant yet positive impact on the company's performance, while it is believed that the size of the board has a positive and significant impact on the company's performance. Study was centered on Bangladeshi business. This study focused on SACCO in Nairobi, Kenya.

Martín and Herrero [15] assessed the effect of compositions on firms' performances in Spain. The study which was conducted in Spain employed ordinary least squares techniques of regression model. The outcomes of the research study posited that diversity and board size had positive and significant impact on firms' performance while board independence noted an inverse significant effect on firms' performance. The study focused on Spanish firms. The focus was on Nairobi, SACCOs.

2.2.3 Ethical consideration and performance

Watson and McKenzie (2021) studied ethical consideration in relation to climate change in 195 United Nations' member countries. The study noted that reinforcement and leadership innovative reputation with its range on financial green services has not affected the reporting standard well. Also, it was exposed that rules for the consideration of directors such as, qualifications, specific experience, skills and attributes leads to organizational efficiency that is appropriate for the selection of each board member. However, experiences of board cut across diverse spheres which affect the selection of the board members. Therefore, the study concluded that duties of the respective countries members' directors should be specified to ensure an effective green revolution.

Muhammad, Nazir, Muhammad, Maqsoom, Nawab and Fatima [7], described the agile administration practices effect on the performances of project in Pakistan. A structural equation modeling was employed for the study. One hundred and seventy-six respondents were used it the evaluation. The study revealed an inverse effect of expected complex project on the performance of projects as compensated by the flexible management practices. While a mediatory role of board ethical consideration was explored, the outcomes showed that board management ethical consideration leadership role had a significant role in project performance within Pakistan I.T sector. The study was conducted within information technology sector of Pakistan while this study was conducted on Sacco's firms' performance in Nairobi, Kenya.

In India, Al-Homaidi, Al-Matari, Tabash, Khaled & Senan [16] investigated corporate governance ethical characteristics in affiliation to listed companies' profitability in India. Using regression technique of analysis with thirty-three selected listed firms, ethical consideration of board member (experience, qualification, achievement) and audit committee (diligence, structure, size). The results established that firms' performance (ROA) had significant relationship with audit committee size, composition audit committee, ethical board consideration. The study was carried out in India whose findings cannot be applicable to Nairobi's SACCOs in Kenya.

2.2.4 Board policy/procedure and performance

Cooperate governance consist of transparency, accountability, responsibilities and independence and these principles are measured by organisations policies and procedures, therefore in this study, empirical review on policy and procedure rested on these principles and this apply only for this study.

Odera [17] discussed the corporate governance problems in SACCOs. It investigated corporate governance theories linked with SACCOs. Findings showed that going against the policies and procedures like allowing unqualified board member in the system, no proper rules separating management from decision making, or failure of board to exercise fiduciary responsibility is a problem for performance. Therefore, understanding the byelaws of SACCOs and identifying stakeholders dominating the SACCOs, which are part of the policies and procedures helps to ensure good governance which improves SACCO's performance. This based its study on qualitative analysis, which this study varied from.

Regarding corporate governance and corporate performance, Chandramohan [18] examined variables such as return on equity relative to book ratio. This study observed the impact of corporate governance on the performance of 30 companies listed on the Bombay Stock Exchange using a panel data OLS regression model. The study shows that firm's policies and procedures resting on corporate governance is significant to performance of the firm. This research was conducted in India whose findings were not applied to this study.

Qadorah (2018) explored the impact of corporate governance mechanisms on corporate performance in a developing economy like Jordan's. such as frequency of meetings (policies/board procedures) and board independence (policy). The results show that there is a good correlation between the board independence and company's performance, while there is no significance between the number of meetings and the company's performance. The research was focused on Jordan and its results could not be applied to SACCO in Nairobi, Kenya.

3. RESEARCH METHODOLOGY

3.1 Population of Study

6 SACCOs were considered as the study target population in Nairobi City County focusing on headquarters in the city. This includes Kimisitu, Sitima, Kenya Police, Hazina, Ukulima and Mwalimu. Staff members were drawn from each of the Saccos. The information is captured below.

3.2 Sample Design

This described the way in which the unit, sampling frame, procedures, and size for the study can be arrived at. This explains all the listed elements of the inhabitants from which the sample was pinched [19]. The study employed random sampling of the stratified method since the interest population is not heterogeneous and could be broken down into collections or stages to attain a sample representative. Given a population 190, 30% sample was drawn from inside every cluster in fraction that every cluster tires to the population of study. This sample is suitable because of the heterogeneous nature of the population where the unit are not distributed uniformly. Table 2 provide the sampling distribution.

Table 1. Target population

SACCO	Population Frequency	Percentage
Hazina	27	14%
Kenya Police	28	15%
Kimisitu	45	24%
Mwalimu	25	13%
Sitima	34	18%
Ukulima	32	17%
Total	**191**	**100**

Source: SASRA (2021)

Table 2. Sample size

SACCO	Population	Rate	Sample Size
Kimisitu	45	0.3	14
Sitima	34	0.3	10
Kenya Police	28	0.3	8
Hazina	27	0.3	8
Mwalimu	25	0.3	8
Ukulima	32	0.3	10
Total	**191**		**58**

Source: Researcher, 2021

3.3 Data Analysis and Presentation

Means, standard deviation, frequencies and tables represented the descriptive statistics employed for the study analysis. The provided a well-organized synopsis of the data collected thereby, making conclusions drawn easier and meaningful. Completeness and consistency of the questionnaire was done via editing. The responses of the data were grouped using coding. Coded data from the questionnaire was analysed using SPSS software. To determine the linkage between SACCOs' performance and corporate governance, a multiple regression analysis was conducted

The regression equation ($SP = \beta_0 + \beta_1 BI + \beta_2 BS + \beta_3 BQ + \beta_4 GB + \beta_5 BP + \varepsilon$): Whereby

SP = Performance of Saccos
BI = Board independence
BS = Board Size
BQ = Qualification of Board members
GB = Gender Balance
BP = Board Policy
$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Coefficients
ε **=** Error term

4. DATA ANALYSIS AND DISCUSSION

4.1 Response Rate

Table 3 recorded the response rate of the responders. This was achieved using the response score and non response rate.

The research results indicated that the responses of the participants were fully retrieved and satisfactory. This means that the entire questionnaire put across to the respondents returned filled and collected for the research. A 100% response rate was recorded while that of the non-response rate was 0%. The study noted that the responses were fully adequate and satisfied as per the statement made by Cooper and Schindler [19].

4.2 Reliability Analysis

To determine the reliability of the questions, an Alpha method was used and it recorded a 0-1.00coefficient. A coefficient of 0.7 and above was realized as the research reliability coefficient. The results is explained by Table 4.

The research discovered that the various components of corporate governance had Alpha values above 0.7 in Table 4, the values of the respective variable’s performance, board independence, board composition, ethical consideration are presented. Therefore, the variables employed in the research can be relied upon as they depict the intend of the research.

4.3 Multiple Regression Analysis

4.3.1 Model summary

Table 5 explains the model summary showing the results for R, R squared, and R squared corrected.

An R-square value of 0.602 indicates that corporate governance attributes (board composition, board independence, ethical review and board policies/procedures) account for 60.2% of the variation in performance of SACCOs in Nairobi district, Kenya, in R-squared is 0.602.

4.3.2 Analysis of variance (ANOVA)

Using the analysis of variance, the statistical significance of the model was determined and Table 6 explains the results.

Table 6 explains the results of the analysis of variance. It demonstrates the broader model's importance. 15.729 was found as the F statistical value. There was a statistically significant difference. This suggests that board independence, board composition, ethical considerations, and board policy/procedure have a substantial impact on chosen SACCOs in Nairobi County, Kenya.

4.3.3 Multiple regression analysis

The purpose of the multiple regression tests was to see how different explanatory factors affected the experimental variable. Table 7 discloses the outcome of the regression analysis.

4.4 Results Interpretation

The study findings show that board independence positively and significantly affects SACCO’s performance. This is indicated by the statistical significance of the board independence. This research conducted shows that a 1% increase in board independence leads to a 0.625% increase in the performances of some SACCO companies in Nairobi County Kenya. This means that the independence of the SACCO members of the board plays an essential role in determining the performance of the selected SACCO companies in Nairobi County, Kenya. This could be attributed to the level of freedom given to the board members to air out their opinion on the SACCOs’ policies and programmes that promotes their performance in the study area. This gives the Board the leverage to take decisive action to improve the tangible and intangible performances of selected SACCO companies in Nairobi District, Kenya. The study is in line with Adika, Maru and Mugambi [5] who found the existence of a direct and statistical significance effect of board independence on company performance was found. Michael [6] also established that the independence of the members of the board influences the business performance by determining total assets and competitive position in terms of revenue and dividends. Chiang and Lin [10] noted that the total of independent directors had a positive association with company performance. The composition of the members of the board also showed a positively and statistically significant correlation with the performances of the selected SACCO companies in Nairobi County, Kenya. This is consistent with subjective assumptions, meaning that a 1% increase in board membership would cause a 0.498% increase in the performance of selected SACCO companies in Nairobi County, Kenya. The result of the study could be linked to inclusive nature of both gender which brings about shared values and innovation in moving the SACCOs forward. This therefore means that ideas from both male and female board members create a competitive environment in the processes involved in making

Table 3. Response rate

Rates	Frequency	Percent
Response	58	100%
Non-Response	0	0%
Total	**58**	**100**

Source: Field Data (2022)

Table 4. Reliability analysis

Variables	Reliability Cronbach's Alpha
Performance	.786
Board Independence	.798
Board Composition	.867
Ethical Consideration	.795
Board Policy/Procedure	.872

Source: Field Data (2022)

Table 5. Model-summary

Model	R	R-Square	Adjusted-R-Square	Std...Error of Estimates
1	.776[a]	.602	.564	.92760

a. Explanatory: (Constant), Board Independence, Board Composition, Ethical Consideration, and Board policy/procedure

Source: Study Data (2022)

Table 6. ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	67.671	5	13.534	15.729	.000[b]
	Residual	44.743	52	.860		
	Total	112.414	57			

a. Experimental Variable: Performance

b. Explanatory variables: (Constant), Board Independence, Board Composition, Ethical Consideration, and Board policy/procedure

Source: Study Data (2022)

Table 7. Regression results

Model		Unstandardized-Coefficients		Standardized-Coefficients	T	Sig.
		B	Std-Error	Beta		
1	(Constant)	.629	.517		1.216	.229
	Board Independence	.625	.235	.407	2.655	.010
	Board Composition	.498	.225	.365	2.215	.031
	Ethical Consideration	.652	.314	.380	2.073	.043
	Board Policy/Procedure	1.132	.237	.654	4.766	.000

Source: Study Data (2022)

decision thereby enhancing the optimal performance of the SACCOs in the study location. The results of this study are consistent with Oyinlola [13], who stated that gender diversity registered a negligible impact on company performance. Martín and Herrero [15] posited that board diversity and size affected the company performance significantly and positively Furthermore, Kudal and Dawar [12] established that the number of independent directors and board size had significant relationship with firm profits.

Furthermore, the ethical review showed a significant and positive impact on the performance of the selected SACCO companies in Nairobi County, Kenya. The coefficient is in line with a priori projections, which means that an increase by 1% in ethical consideration will increase the performances of selected SACCOs in Nairobi County, Kenya by 0.652% in the study area.

The result portrayed that due adherence to process in enhancing the selected SACCOs performance was duly followed by board members in Nairobi County, Kenya. This can be attributed to the rigid business ethics which guides the operation of businesses in the study area. Ethical standards adherence creates a healthy business environment for businesses to thrive which gives the selected SACCOs edge over others in the study area. The study is consistent with Watson and McKenzie (2021) who exposed that rule for the consideration of directors such as, qualifications, specific experience, skills, and attributes leads to organizational efficiency that is appropriate for the selection of each board member. Al-Homaidi, Al-Matari, Tabash, Khaled & Senan [16] established that firms' performance had significant relationship with audit committee size, composition audit committee, ethical board consideration.

The results of board policy/procedure depict a direct strong effect selected SACCOs' performance. To this effect, the performances of SACCOs increases by 1.132% when board policy/procedure increase by 1%. The outcome could be credited to the sound policy/procedure adopted by the board members in the study area which facilitate quick execution of policies for efficient utilization of the organizational resources and hence, performance. The due procedures followed by these board members enhance speedy implementation of SACCOs' policy. The study agrees with Odera [17] who showed that going against the policies and procedures like allowing unqualified board member in the system, no proper rules separating management from decision making, or failure of board to exercise fiduciary responsibility is a problem for performance.

5. CONCLUSIONS AND RECOMMENDA-TIONS

5.1 Conclusion

The outcome shows that corporate governance which include board independence, board composition, ethical consideration and board policy/procedure positively and significantly affect the performance. Based on the first objective of the research, it is concluded that board independence is key in the assessment of selected SACCOs' performance in Nairobi County, Kenya. Therefore, the performance of selected SACCOs is highly predictive on effective board independence.

In conclusion, the composition of board members creates a competitive environment where ideas and shared with both gender in the study area. This provides level playing ground for all genders to effectively contribute toward the growth in the organizational performance.

The outcome of this research exposed that ethical consideration is positive and significant on the performances of selected SACCOs in Nairobi County, Kenya. This implies that ethical consideration has higher tendency of determining the performance of selected SACCOs in Nairobi County, Kenya. Therefore, due consideration in ethical standards in business ensures healthy competition in the business market in Nairobi County in Kenya.

The Board Policy/Procedures was the fourth objective of the study and it's impact on the Performances of selected SACCO companies was significant and positive. In this regard, the policy/procedures of the Board of Directors is crucial in determining the performances of the selected SACCO in Nairobi District, Kenya. As a result, the Council's policy/procedure improves resource efficiency in a way that improves organizational performance in the study area.

5.2 Recommendations

In view of the study findings on corporate governance; board independence, board composition, ethical consideration, and board policy/procedure positive and significantly predict the performances for the study context. Based on the outcome of this study, the study suggests that SACCOs' management should ensure that high degree of freedom be accorded to the board members which allow them to freely engage in proper decision-making process. The management of the SACCOs should implement policies that would discourage gender disparity amongst board members. This would ensure integration of ideas across both gender thereby fusing ideas that would optimal the performance of the SACCOs.

The management should ensure that every ethical standard around such business are adhered to avoid sanction by regulatory bodies in the study area. This would provide basis for healthy competition in the study area which affects the business performance positively. Furthermore, the management of these SACCOs should adopt policy/procedures that provide a level playing ground for technological progress that enhances optimal organizational performance. This would reduce the cost and time incurred in the achievement of organizational objectives in the study location.

The research adds to the various fields of knowledge related to SACCOs' performance as it pertains to corporate governance components. The study analysed corporate governance and it's effect on selected SACCOs performance in Nairobi County, in Kenya by providing theoretical and practical applicable methodology in the study area.

The outcome adds to the body of knowledge about the nexus between the components of corporate governance and the performance of the selected SACCOS, by visualize the theoretical and empirical correlations between the variables, which provide insights into the empirical literature in Nairobi County, Kenya. Therefore, to explain the existing association between corporate governance and the performance of selected SACCO companies a model was developed.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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