



## Corporate Governance Practices and Performance of Imarisha Sacco in Bomet County Kenya

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### ABSTRACT

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*The problem in the Savings and Credit Cooperative Organisations industry, particularly in the teaching industry in Bomet County, is the presence of challenges related to corporate governance and organizational performance. There are issues with accountability, transparency, and risk management practices. Additionally, low levels of financial literacy among members, limited access to finance, and inadequate technology and systems further contribute to the performance-related challenges faced by these Savings and Credit Cooperative Organisations. The study was on the effect of Corporate Governance practices on the performance of Imarisha Savings and Credit Cooperative Organisation in Bomet County. The purpose of this study was to investigate how board competence, legislation, roles and responsibilities and internal controls affects performance Imarisha Savings and Credit Cooperative Organisation. The literature review focused on various theories which include core competence model, regulatory capture theory, legalistic theory, attribution theory and the balanced scorecard theory. The study design adopted was descriptive in nature considering a total population of 65 senior management, middle management, and support staff of which a complete census will be considered. Stratified sampling was used since the population was already broken down into the respective categories. Data was gathered using questionnaire and it was tested for validity and reliability. Content validity was tested with a content validity index threshold of 0.8 or higher. Reliability was tested with a Cronbach's alpha threshold of 0.70 or higher. Data was analysed using both descriptive and inferential statistics. Findings revealed that board competence, legislation, roles and responsibilities, and internal controls had a positive and significant effect on performance, that is,  $\beta = 0.469, p < 0.05$ ,  $\beta = 0.022, p < 0.05$ ,  $\beta = 0.404, p < 0.05$  and  $\beta = 0.045, p < 0.05$  respectively. The study concluded that board competence, legislation, roles and responsibilities and internal controls improve performance. The study recommended that board members should continue to have strategic thinking skills and front the vision of the organization. Imarisha SACCO should have adequate internal policies that help to govern SACCO activities. Duties of board members at the organization should continue being properly described. The oversight committees should continue to meet regularly to oversight SACCO activities. The study recommended that further studies should be conducted on effect of corporate governance practices on performance of Imarisha SACCO in Bomet County. Indicators of corporate governance practices adopted in the study are board competence, legislation, roles and responsibilities and internal controls. The study recommends a similar study to be conducted on the subject matter but should be conducted on SACCOs' in other Counties in Kenya.*

**Key words:** *Corporate Governance, Practices, Performance, Kenya*

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## 1.0 Introduction

### 1.1 Background of the Study

Organizational performance of Savings and Credit Cooperative Organisations (SACCOs) is important just like that of other organizations worldwide. According to Karungani, and Ochiri (2017) organizations that record good performance are able to achieve their goals and are able to realize their going concern principle. In United Kingdom, the performance of organizations differs from one organization to the other (Singh, Tabassum, & Batsakis, 2018). In Pakistan, Khan, and Numan (2019) posit that most organizations that fail are those that record poor organizational performance. The scholars further posit that there exist SACCOs in Pakistan which record poor organizational performance while others record good organizational performance. In Egypt, Dahawy (2019) opines that SACCOs measure performance so as to assess whether the organizations are able to break-even. All profit-making organizations are supposed to measure performance to assess whether the organizations are recording profits or not (Emile, Ragab, & Kyaw, 2021). In Nigeria, Isaac (2021) posits that as much as organizations strive to measure their performance, determinants of organizational performance are many amongst them corporate governance practices adopted. According to Olannye, and Anuku (2020), organizations performance improves when organizations adopt good corporate governance practices. In Kenya, according to Ongore, and K'Obonyo (2021) corporate governance practices might influence organizational performance. Organizations which adopt corporate governance practices can avert corruption among other wrong doings and therefore enhance performance (Mulili, & Wong, 2021). Organizations have been characterized with corporate scandals which have been an impediment against good organizational performance (Wasike, 2022). Corporate scandals contribute to corporate failure which has been witnessed in various corporate entities in Kenya (Kamau, & Aosa, 2018). The current study sought to assess corporate governance practices and how they affect organizational performance.

It is the extent to which a business entity meets intended objectives, and the level of effectiveness and efficiency with which it operates (Almashhadani, 2021). It encompasses a wide range of factors, including financial performance, customer satisfaction, employee engagement, and overall competitiveness (Adebayo, Olusola, & Abiodun, 2019). The assessment of organizational performance is important for various stakeholders (Adebayo, Ibrahim, & Omah, 2020). Shareholders, for example, are concerned with the financial returns generated by the organization, while employees are interested in job security, opportunities for advancement, and working conditions (Manyuru, 2018). In order to assess organizational performance, a range of metrics and indicators can be used, such as financial measures and non-financial measures among others (Bryman, & Bell, 2011). It will be measured using the balanced scorecard in this study. Its indicators that were adopted in the study include branch network, asset base, membership and surpluses.

Corporate governance is a crucial component of how an organization is directed, managed, as well as controlled (Adebayo et al., 2019). It comprises the systems, processes, and principles that determine the balance of power and accountability among a company's stakeholders (Lasisi, 2017). Its goal is to ensure an organization operates efficiently, effectively, as well as sustainably, ultimately enhancing its long-term success and competitiveness (OECD, 1999). In modern times, corporate governance is studied mostly due to a surge in scandals in organizations which have led to increased scrutiny of companies' systems and processes for managing their affairs (Velnampy, 2021). As a result, new governance frameworks have been developed to promote accountability, transparency, and integrity (Changezi, & Saeed, 2020).

The OECD has established principles that guide the corporate governance practice. The principles emphasize the importance of transparency, accountability, and integrity (OECD, 1999). The United Nations has also recognized the significance of corporate governance as a key aspect of sustainable business practices, leading to the establishment of the United Nations Global compact to promote responsible corporate behaviour (United Nations, 2011). Good corporate governance practices are adopted to enhance competitiveness among others. Countries like Kenya have sought to adopt such practices, leading to enactment of a corporate governance strategy as well as implementation plan by EAC to promote good governance among its member states (EAC, 2016). At the local level, the Kenyan government has CMA which regulates the securities industry and promotes investor protection, while the National

Treasury oversees public finance management, including the management of public entities (CMA, 2018). The government has also introduced regulations requiring companies to disclose information on their governance practices and comply with good governance standards (National Treasury, 2017). The corporate governance practices adopted in this study were board competence, legislation, roles and responsibilities and internal controls. Board competence is being able to do something well (Mulili, & Wong, 2021). Board competence includes strategic thinking and vision, teamwork and collaboration, innovation, governance and leadership among others (Tornyeva, & Wereko, 2022). Indicators of board competence adopted in this study were strategic thinking and vision, teamwork and collaboration and innovation.

Legislation refers to the rules prescribed in law that governs how an organization is run (Makau, & Muna, 2020). The legislations are important for organizations to be successful as they govern how organizations should operate. The indicators of legislation adopted in this study were SASRA prudential regulations, internal rules and procedures and ministry regulations. Roles and responsibilities refer to the tasks and duties of workforce in relation to a certain undertaking (Niazi, 2021). When the roles and responsibilities are clear, it helps to improve organizational performance. The indicators of roles and responsibilities adopted in this study were delegation, description of duties and role limits. Internal controls are accounting as well as auditing processes that organizations use to enhance service delivery (Alemu, 2020). The reason as to why organizations adopt internal control is that it helps the organizations to comply with laws as well as regulations as well as it aids in fraud prevention (Munene, 2020). The indicators of internal controls adopted in this study were oversight committees, internal and external audits as well as systems and processes. It was anticipated that the internal controls adopted by an organization might enhance organizational performance.

### **1.1.3 Imarisha SACCO**

Imarisha SACCO was established in 2000 to serve the financial needs of teachers working in schools in Bomet County, Kenya. The SACCO was founded with the goal of providing quality financial services and products to its members and improving the financial well-being of teachers in the region (Imarisha SACCO, 2021). Since its establishment, Imarisha SACCO has grown and expanded its services, and now operates several branches located in different parts of Bomet County. The SACCO's branches are strategically located to provide convenient access to its members, and the SACCO has embraced technology to enhance its services. For example, Imarisha SACCO offers mobile banking services, allowing members to access their accounts and transact using their mobile phones.

Imarisha SACCO offers savings and deposit products, loans, and insurance products among others. The SACCO's loan products are custom designed to satisfy members financial needs and are offered at competitive interest rates. Additionally, the SACCO provides training and financial literacy programs to help its members make informed financial decisions and improve

their financial well-being (Imarisha SACCO, 2021). The SACCO's commitment to providing quality financial services and its accessibility to members are key factors in its success and growth. The SACCO has a strong reputation for financial stability, and its members have confidence in the safety and security of their deposits. The SACCO's growth and success are a testament to its commitment to its members and its ability to meet their financial needs.

## **1.2 Statement of the Problem**

Organizational performance that is good helps avert organizational failure (Adeleke et al., 2017; Ochieng & Oloo, 2018). Organizations strive to record good organizational performance but not all organizations achieve it. Imarisha SACCO has had its share of challenges that act as an impediment against good organizational performance. According to Rere, and Kipkorirw (2022), Imarisha SACCO has been recording a decline in profits which is not good for sustainability of the SACCO. This should not be the situation as if the situation persists it might lead to closure of the SACCO or being declared bankrupt or being put under receivership. Imarisha SACCO has adopted various corporate governance practices in a bid to improve organizational performance. However, little is known about how corporate governance practices has affected its organizational performance. Studies done on the subject matter are scarce. For example, Emodia (2021) researched on corporate governance practices and organizational performance of State Corporations in the Health Sector in Kenya. Corporate governance practices were established to enhance performance. Accountability, transparency, board responsibility and moral integrity were adopted. A conceptual gap existed as the study had not incorporated board competence, legislation, roles and responsibilities and internal controls. A methodological gap exists as research design had not been justified. The study had been conducted in a different sector and therefore a contextual gap existed. The current study therefore sought to determine the effect of corporate governance practices on the performance of Imarisha SACCO in Bomet County.

## **1.3 Objectives of the Study**

The general objective of the study was to determine the effect of corporate governance practices on the performance of Imarisha SACCO in Bomet County. The specific objectives of the study were:

- i. To determine the effect of board competence on the performance of Imarisha SACCO in Bomet County.
- ii. To establish the influence of legislation on the performance Imarisha SACCO in Bomet County.
- iii. To investigate how roles and responsibilities affects the performance of Imarisha SACCO in Bomet County.
- iv. To find out the extent to which internal controls affects the performance of Imarish SACCO in Bomet County.

## **2.0 Literature Review**

### **2.1 Theoretical Framework**

#### **2.1.1 Core Competence Model**

The model was developed by Prahalad and Hamel (1990) and it states that for boards to be effective the elements of competence that should be adopted include collaborative, integrated and applied skills, knowledge and attitudes. These core competencies help board members to be effective in their core mandates (Ng, & Kee, 2018). The core competence model provides the competencies that board of directors should have to function well, and it is these competencies that makes certain boards to be effective more than others (Mwithi, Were, &



Muturi, 2017). Organizations that consider board competence when determining board membership have high chances of being successful (Ogaji, 2019).

The theory assumes that core competencies are needed for organizational boards to be effective (Prahalad, & Hamel, 1990). According to the core competence model, it is the responsibility of an organization to base on their strength as well as functions by build competencies that will be used to inform the core competencies that characterizes their boards (Roh, & Park, 2021). The core competence model has been criticized on the grounds that it is not only board competence that improves boards performance, but other factors exist as well (Salim, 2020). The study by Moga (2021) advocates for consideration of core competencies when organizations are determining their board members. The model is adopted to inform the board competence construct. The model was adopted because it talks about of core competencies that board members should have which was the focus of this construct.

### **2.1.2 Regulatory Capture Theory**

It was founded by Stigler (1971), and it explores the relationship between regulators and the regulated firms, and how the former can become captured by the latter. It stated that regulators are susceptible to the influence of the firms they regulate, leading to outcomes that serve the interests of the firms rather than the public interest (Vélez-Pareja, 2011). This theory is important when corporate governance practices and performance is considered (Morka, & Ese, 2018). According to the theory, firms can influence regulators to create regulations that are favourable to their interests, which may negatively impact the performance of other firms and the public interest (Kahai, 2000). This can lead to a lack of fairness among others (Vélez-Pareja, 2011).

One of the ways in which regulatory capture can occur is through the revolving door phenomenon, where regulators leave their positions to take up positions in the firms, they previously regulated (Epstein, 2011). This can lead to a situation where the interests of the regulators are aligned with those of the firms, rather than with the public interest (Shleifer & Vishny, 1998). Furthermore, regulatory capture can also occur through the influence of political contributions, lobbying, and the formation of advocacy groups by regulated firms (Wilder, & Wilder, 2003). Regulatory capture can have significant consequences for the public interest and for the performance of firms (Olugbenga, 2022). For example, it can lead to a situation where the regulations created by regulators serve the interests of the regulated firms, rather than the public interest, which can negatively impact the level of competition and innovation in the market (Kahai, 2000). Additionally, regulatory capture can lead to a lack of accountability which can in turn negatively impact their performance (Vélez-Pareja, 2011). The implications of regulatory capture theory on the performance of firms as well as the public interest, highlights the importance of ensuring that regulators are independent and impartial, and that corporate governance practices are transparent, fair, and accountable. It was adopted to inform the association between legislation and performance.

### **2.1.3 Legalistic Theory**

It was founded by Pennington (1986) and according to this theory, boards affect performance of organizations when they execute what they are supposed to in an organization set-up. Under this theory, boards should execute their roles and responsibilities to enhance organizational performance (Rechner, & Dalton, 2021). The theory assumes that roles performed by board affects performance. Critics argue that it emphasizes the indirect effect of board roles on organizations performance (Tosi, & Gomez-Mejia, 2020). The theory is adopted to inform the roles and responsibilities construct. This is because the theory states that boards should execute their roles as well as responsibilities so as to enhance organizational performance. According

to Johnson, Daily, and Ellstrand (2016) studies on board roles and responsibilities should adopt this theory. Hermalin, and Weisbach (2018) in their study also posited that roles and responsibilities of board members influences organizations performance.

#### **2.1.4 Attribution Theory**

It was founded by Heider (1958), and it talks about auditors being put in place in an organization and who should report on an organization internal control effectiveness. Auditors should understand better internal controls that have been put in place, as well as assess the design and internal controls implementation and the auditors should also assess internal controls effectiveness (Sarens, & De, 2016). According to the theory in the event fraud occurs, the parties identified to be responsible should be held accountable (Reid, & Ashelby, 2022). The theory assumes that there are different causal behavioral dimensions which include stability and control locus (Sarens, & De, 2016). The theory fails to address the social, cultural, as well as the historical factors used to shape the attributions of cause (Reid, & Ashelby, 2022). The theory talks about internal controls and therefore it is adopted to inform this construct. The study by Abdullahi, Abdullahi, and Muturi (2016) adopted attribution theory to inform the internal control construct. The current study also adopted the theory to inform the internal control construct because it talks about auditors being put in place in an organization and who should report on the internal control effectiveness of an organization.

#### **2.1.5 Balanced Score Card**

It was founded by Kaplan and Norton (1996). It provides a framework that helps organizations to balance performance measures, thereby ensuring a company is well-rounded and has a clear understanding of its operations, goals, and strategies (Kaplan & Norton, 1996). The BSC model has gained widespread recognition and adoption in the corporate world due to its ability to provide a comprehensive view of an organization's performance. The BSC model focuses on financial, customer, internal business process, and learning and growth perspectives. BSC model provides a good framework for performance evaluation and making informed decisions (Oppong et al., 2016). The BSC theory encourages organizations to think about their performance from multiple perspectives, including financial and non- financial measures, which can help to ensure that corporate governance practices are well- rounded and effective (Clarkson et al., 2008).

For example, the financial perspective can help organizations to evaluate their financial performance, such as profitability, and make informed decisions about how to allocate resources and improve their financial performance (Maaroufi, & Hajar, 2022). The customer perspective can help organizations to understand the needs of their customers and make decisions about how to improve their products and services (Dineshkumar, & Kogulacumar, 2021). The internal business process perspective can help organizations to evaluate their operations and identify areas for improvement (Gavrea, Ilies, & Stegorean, 2021). Finally, the learning and growth perspective can help organizations to identify opportunities for continuous improvement and determine how to invest in their future (Kaplan & Norton, 1996). The BSC model was adopted to explain the performance construct.

### **2.2 Empirical Review**

#### **2.2.1 Board Competence and Composition and Performance**

Goel, and Sharma (2017) studied board competence and firm's performance in India. Descriptive research design was adopted, and 42 Indian companies targeted. The study used secondary data which was analysed descriptively and inferentially. Findings revealed that the

former enhances the latter. Reasons for use of secondary data were not provided and therefore a methodological gap existed.

Yan, Hui, and Xin (2021) researched on board competence and performance of selected companies in China. Ex-post facto research design was used, and 372 companies sampled. Secondary data used was analyzed descriptively and inferentially. Board competence was found to enhance firm performance. Reason (s) for use of inferential statistics were not provided which the current study provided. Orozco, Vargas, and Galindo-Dorado (2018) studied board competence and corporate performance in Colombia. Descriptive research design was used, and 47 companies targeted but sampled 23 companies. The study used secondary data which was analysed descriptively and inferentially. Findings revealed that board competence enhances corporate performance. A conceptual gap existed as the study had not incorporated personal leadership skills. Garg (2021) researched on board competence and firm performance in India. Descriptive research design was adopted, and 67 companies targeted. The study sampled 31 companies randomly. Secondary data that was used was collected using documentary analysis guide and analysed inferentially and descriptively. The study established that board competence enhances firm performance.

### **2.2.2 Legislation and Performance**

Tedla (2021) researched on the impact of legislation on corporate performance. Descriptive survey research design was adopted, and 142 respondents targeted but ended-up sampling 20 respondents purposively. Legislation was found to enhance corporate performance. A conceptual gap existed as the study had not incorporated SASRA Prudential Regulations. Karungani, and Ochiri (2017) researched on legislation and performance of firms in Nairobi County, Kenya. A total of 357 respondents were targeted but ended-up sampling 87 respondents purposively. Data collected using questionnaires was analysed descriptively and inferentially. The study established that legislation enhances performance. Internal rules and procedures had not been considered which was added in the current study.

Makau, and Muna (2020) researched on legislation and performance of government owned commercial banks in Kenya. Descriptive research design was adopted, and 6 government commercial banks targeted. Primary data collected was analysed descriptively and inferentially. The study established that legislation enhances performance. Ugoani (2020) researched on legislation and strategy implementation and organizational performance of manufacturing firms in Nigeria. Exploratory research design was used, and 258 respondents targeted but sampled 141 respondents. Analysis was done descriptively and inferentially. Findings revealed that legislation enhances organizational performance. The study had not provided justification for the research design adopted and therefore a methodological gap existed.

### **2.2.3 Roles and Responsibilities and Performance**

Demirkesen, and Reinhardt (2022) researched on roles and responsibilities and performance of the government projects in Poland. Descriptive methodology was adopted, and thirteen projects targeted. Data was analyzed descriptively and inferentially. Roles and responsibilities enhance performance. Justification for the research instrument used was not provided and hence a gap existed. Muthoni (2020) studied roles and responsibilities and performance of Bomet County Government, Kenya. A case study research design was adopted, and 384 respondents targeted. Data collected was analysed descriptively and inferentially. Findings revealed that stakeholder involvement enhances performance of Bomet County Government. A conceptual gap existed as the study had not incorporated role limits. Ruwa (2016) studied roles and responsibilities and performance of donor funded projects. The study used descriptive research design and targeted 154 respondents but ended up sampling 70 respondents randomly. Data collected was

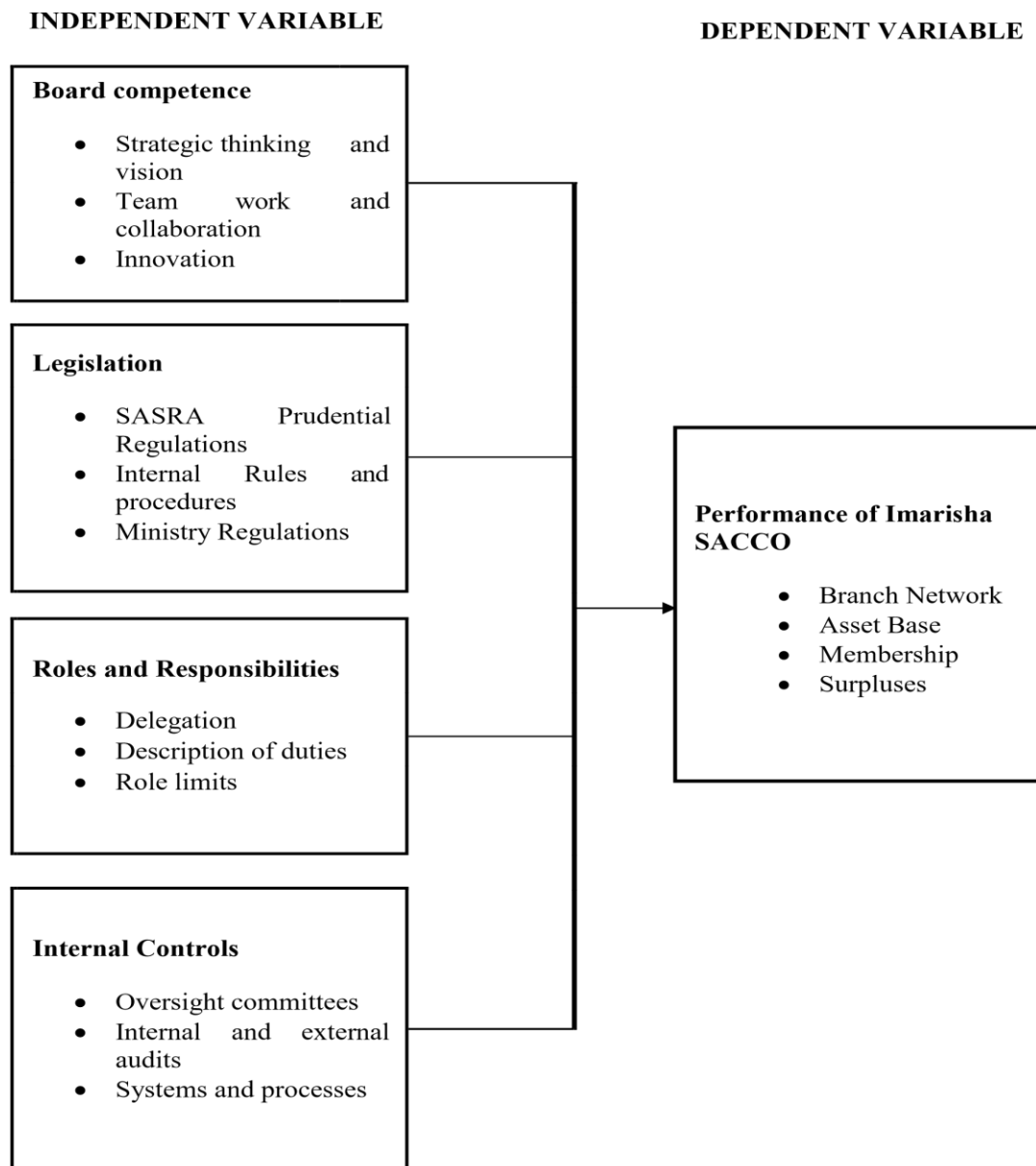
analysed descriptively and inferentially. Role and responsibilities enhanced performance of donor funded projects. A contextual gap existed as the study had been conducted in a different sector.

#### **2.2.4 Internal Controls and Performance**

Munene (2020) researched on internal controls and financial performance of Technical Training Institutions in Kenya. The study targeted 49 Technical Training Institutions (TTIs) in Kenya while it sampled 37 TTIs randomly. Data collected was analysed descriptively and inferentially. Internal controls enhanced performance. A conceptual gap exists as the study had not incorporated oversight committees which the current study sought to add. Kinyua (2021) studied internal control and financial performance of SMEs in Kisumu City, Kenya. 167 respondents were targeted and 55 sampled randomly. Analysis was by descriptive and inferential statistics. Internal control systems enhanced financial performance. Sampling design had not been justified. Alemu (2020) researched on internal control and organization performance of Moha Soft Drinks Company, Ethiopia. A descriptive survey research design was adopted, and 457 respondents targeted while 121 respondents sampled randomly. Data collected was analysed both descriptively and inferentially. Internal control was found to enhance organization performance.

Mire, and Mukhongo (2016) studied internal controls and organizational performance of companies in Somalia. 402 respondents targeted while 158 sampled randomly. Data collected was analysed descriptively and inferentially. The study established that internal controls enhance performance. Oversight committees had not been considered which was incorporated in the current study. Simon (2021) researched on internal control and organizational performance in the telecommunications industry in Nigeria. Descriptive survey research design was adopted, and 345 respondents targeted while 173 respondents sampled randomly. Data collected was analysed descriptively and inferentially. Internal control enhanced performance. The current study added systems and processes.

### 2.3 Conceptual Framework



**Figure 1: Conceptual Framework**

Source: Researcher, 2023

### 3.0 Research Methodology

A descriptive research design was adopted, and it helps to provide a precise measurement and reporting of components of the topic under research to describe phenomena, contexts, and occurrences (Yin, 2010). It was adopted because the research design enhances deeper knowhow of the subject matter being investigated. It is also adopted when no control over variables is to be exercised and hence its adoption. A sample is a fraction of the population from which generalizations may be made about the whole (Zikmund, 2003). The sampling size takes into account all possible units from which a sample might be drawn. If you want to define the universe, you need a sample size, which might be anything from a list of homes, firms, and industries with precise locations, data on the items produced and/or consumed, expenditure, income, and other details to a computer program (Kothari, 2011). Kothari (2011) defined sampling as the process of picking pieces of an aggregate or totality from which a judgment or



conclusion is reached. No sample was preferred instead a complete census of all the 65 respondents was considered in this study as shown below.

Primary data was gathered using a two-part, structured questionnaire. The first part of the survey asked about the respondent's demographic information, and the second part inquired about the variables of interest to the research. As a result of using the structured questions, we expect to save resources and time while improving the quality of our data. The poll included unstructured questions designed to elicit a genuine emotional reaction from respondents without making them feel obligated to share any personal information. According to Kothari (2013), closed questions in a questionnaire are used to limit the responses to the research variables, whereas open questions enable respondents to freely react and express their thoughts.

This strategy was used because of its convenience and ease of building. Editing, coding, classifying, tabulating, and graphical presentation are all components of data processing (Hall, 2010). The study's data was explained and made clear to maintain consistency and accuracy. This data was analysed using descriptive statistics, i.e., frequencies, percentages, mean and standard deviation and inferential statistics, that is, correlation and Multiple linear regression analysis. The Statistical Package for the Social Science (SPSS version 24) aided in the analysis. Data presentation was done using tables. Multiple tests of significance at the 5% level were also run using ANOVA and correlation analysis. The following formula was used for the regression analysis.  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$ , Where, Y is Performance of Sacco's,  $\beta_0$  is the constant term,  $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$  are co-efficient of the independent variables,  $X_1$  is Board competence,  $X_2$  is legislation,  $X_3$  is roles and responsibilities,  $X_4$  is Internal controls and  $e$  stands for an error term that denotes the model's unexplained variation.

#### 4.0 Research Findings

**Table 1: Correlation analysis**

n=57		Performance	B. competence	Legislation	Roles & responsibilities
B. competence	Pearson Correlation Sig. (2-tailed)	.777**	1		
Legislation	Pearson Correlation Sig. (2-tailed)	.000 .745*	.681**	1	
Roles & responsibilities	Pearson Correlation Sig. (2-tailed)	.000 .710*	.007 .262**	.625**	1
Internal controls	Pearson Correlation Sig. (2-tailed)	.000 .731*	.000 .428*	.000 .950*	.000 .557*
		.000	.000	.000	.000

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



Board competence had a significantly strong positive relationship with performance of Imarisha SACCO of ( $r = 0.777$ ,  $p\text{-value} < 0.01$ ). It meant improvement in board competence enhances performance of Imarisha SACCO. The study by Yan et al. (2021) also found similar results. Legislation had a significantly strong positive relationship with performance of Imarisha SACCO of ( $r = 0.745$ ,  $p\text{-value} < 0.05$ ). This implies that legislation helps to improve performance of Imarisha SACCO. The study by Makau, and Muna (2020) also found similar results. Roles and responsibilities had a significantly strong positive relationship with performance of Imarisha SACCO of ( $r = 0.710$ ,  $p\text{-value} < 0.05$ ). Muthoni (2020) also found similar findings as this study as shown above. Internal controls had a significantly strong positive relationship with performance of Imarisha SACCO of ( $r = 0.731$ ,  $p\text{-value} < 0.05$ ). Internal controls help to improve the performance of Imarisha SACCO. The study by Mire, and Mukhongo (2016) also found same results.

**Table 2: Model Summary**

Model R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.718 <sup>a</sup>	.516	.478

a. Predictors: (Constant), Board competence Legislation, roles and responsibilities, Internal controls

The adjusted R-square was 0.478, which meant that 47.8% change in performance of Imarisha was attributed to board competence, legislation, roles and responsibilities and internal controls).

**Table 3: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	236.479	4	59.120	13.836	.000 <sup>b</sup>
Residual	222.187	52	4.273		
Total	458.667	56			

a. Dependent Variable: Performance

b. Predictors: Board competence, Legislation, roles and responsibilities, internal controls

The value of the F test was  $F(4, 56) = 13.836$ ,  $p < 0.05$  which meant that the model was fit for the study.

**Table 4: Regression co-efficient**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	1.214	2.736		.444	.659
Board competence	.469	.337	.220	1.391	.000
Legislation	.022	.151	.027	.146	.000
Roles and responsibilities	.404	.098	.584	4.129	.020
Internal controls	.045	.085	.065	.534	.013

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*a. Dependent Variable: Performance*

Table 4 showed that improved board competence had a noteworthy and beneficial effect on the performance of Imarisha SACCO. The value of 0.469, with a significance level of 0.05, indicated that for every unit of enhanced board competence, there was an increase of 0.469 units in performance. The same results were also found in the (2018) study by Orozco et al. The legislation had a notable and beneficial impact on the performance of Imarisha SACCO in Bomet County (0.022, p 0.05). This implies that a one-unit enhancement in the legislation leads to a 0.022 unit increase in the performance of Imarisha SACCO. Similar results were also found by Tedla (2021).

The study found that Imarisha SACCO had a notable and beneficial impact on performance, with a significant increase of 0.404 units ( $p < 0.05$ ). This suggests that roles and responsibilities played a crucial role in improving performance. Similar results were also reported by Demirkesen and Reinhardt (2022). The performance of Imarisha SACCO in Bomet County was found to be positively and significantly affected by internal controls. The study showed that for every unit increase in internal controls, the performance of Imarisha SACCO increased by 0.045 units. Similar results have also been reported by Munene (2020). The regression model was structured in the following manner:  $Y = 1.214 + 0.469X_1 + 0.022X_2 + 0.404X_3 + 0.045X_4$ . The constant value of 1.214 implies that at zero, board competence, legislation, roles and responsibilities and internal controls, performance is at 1.214 units.

## **5.0 Conclusion and Recommendations**

### **5.1 Conclusion**

Board competence enhances organizations performance. When board members having strategic thinking skills and fronts the vision of the organization, it affects performance. Performance of an organization improves when board members embrace teamwork. Performance of an organization is affected when there is collaboration among board members. When board members of the organization are visionary, and innovative it affects performance. Legislation affects performance of an organization. Adequate internal policies that exist that help to govern SACCO activities affects performance. Reviewing of SACCO policies regularly in line with changes in the industry affects performance. When SACCO adheres to the Ministry of Cooperatives & Micro, Small and Medium Enterprises acts and regulations, it affects performance. Performance of the SACCO is affected when Sacco's adhere to prudential regulations of SASRA. Performance of Sacco's is affected when Sacco's adhere to other regulations such as those of KRA, Public Procurement Regulatory Authority and Central Bank.

Roles and responsibilities enhance performance of organizations. Performance of Sacco's is affected when board members roles are delegated to other parties. Proper description of duties of board members at the organization affects the performance of an organization. Performance of Sacco's is affected by proper description of duties and when each board member has a role limit at the organization. Internal controls affect performance of an organization. When the oversight committees meet regularly to oversight SACCO activities, it affects performance. Undertaking internal and external audits regularly, availability of systems and processes to check approvals and putting in place innovations to improve internal control systems affects organizational performance. When organizations adopt risk and compliance activities, it affects performance.

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## 5.2 Recommendations

On board competence, board members should continue to have strategic thinking skills and front the vision of the organization. Board members should continue to embrace teamwork and board members should collaborate. Board members of the organization should be visionary and innovative. On legislation, the study recommended that Imarisha SACCO should have adequate internal policies that help to govern SACCO activities. SACCO policies should be reviewed regularly in line with changes in the industry. The SACCO should adhere to the Ministry of Co- operatives & Micro, Small and Medium Enterprises acts and regulations. Sacco's should continue to adhere to prudential regulations of SASRA. The SACCO should continue to adhere to other regulations such as those of KRA, Public Procurement Regulatory Authority and Central Bank.

On roles and responsibilities, the study recommended that board members roles can be delegated to other parties. Duties of board members at the organization should continue being properly described. Each board member should continue to have a role limit at the organization. On internal controls, the oversight committees should continue to meet regularly to oversight SACCO activities. Internal and external audits should be conducted regularly, and systems and processes to check approvals should be available and innovations to improve internal control systems should continue being put in place. The SACCO should continue to adopt risk and compliance activities.

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