CORPORATE GOVERNANCE PRACTICES AND FINANCIAL PERFORMANCE ON DEPOSIT TAKING SACCOS IN TRANS NZOIA COUNTY, KENYA

Wafula Delphine Nanjala & Dr. Julius Miroga, PhD

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 11, Iss.3, pp 542 – 563, October 21, 2024. www.strategicjournals.com, © Strategic Journals

CORPORATE GOVERNANCE PRACTICES AND FINANCIAL PERFORMANCE ON DEPOSIT TAKING SACCOS IN TRANS NZOIA COUNTY, KENYA

[1] Wafula Delphine Nanjala & [2] Dr. Julius Miroga, PhD

[1] Masters Candidate, Jomo Kenyatta University of Agriculture and Technology, Kenya
[2] Lecturer, School of Business, Jomo Kenyatta University of Agriculture and Technology, Kenya

Accepted: October 10, 2024

DOI: http://dx.doi.org/10.61426/sjbcm.v11i4.3104

ABSTRACT

The main objective of the study was to examine the influence of Corporate Governance practices on SACCOs' financial performance in Trans Nzoia County. The target population was the board members, CEOs and departmental managers in all the 5 SACCOs in Trans Nzoia County. Pre-testing of research instruments was carried out among SACCOs in Bungoma County. The researcher used census methodology to collect data. Primary data was collected using semi-structured questionnaires. Content analysis was used to analyze qualitative data and the results were presented in a narrative form. Quantitative data was then analyzed using inferential and descriptive statistics with the help of statistical software known as Statistical Package for Social Sciences version 26. The study's findings were represented using both tables and figures. The results indicate that one unit improvement in board independence will lead to 0.326 improvement in financial performance of SACCOs in Trans Nzoia County. One unit improvement in board accountability practice will lead to 21.0% improvement in financial performance of SACCOs in Trans Nzoia County. One unit improvement in audit committee will lead to 0.194 units improvement in financial performance of SACCOs in Trans Nzoia County. One unit improvement in financial disclosure will lead to 0.318 units improvement in financial performance of SACCOs in Trans Nzoia County. The study concluded that effect of Corporate Governance practices have significant effect on financial performance of SACCOs in Trans Nzoia County. The study recommended that SACCOs in Trans Nzoia County should consider increasing the independence of their boards. This can be achieved by recruiting more independent directors who bring diverse expertise and perspectives without being affiliated with the organization's management. SACCOs in Trans Nzoia County should prioritize and enhance board accountability mechanisms. This includes clearly defining roles, responsibilities, and expectations for board members regarding compliance with laws, operational oversight, and performance assessment. SACCOs in Trans Nzoia County should continue to prioritize and enhance the independence of their audit committees. This includes appointing more independent directors to the committee to strengthen oversight and reduce potential conflicts of interest.

***Key words:** SACCOS, Board Independence, Board Accountability, Audit Committee, Financial Disclosure*

CITATION: Wafula, D. N., & Miroga, J. (2024). Corporate governance practices and financial performance on deposit taking SACCOs in Trans Nzoia County, Kenya. *The Strategic Journal of Business & Change Management,* 11 (4), 542 – 563. http://dx.doi.Org/10.61426/Sjbcm.v11i4.3104

INTRODUCTION

Following industrial revolution, the cooperative movement started in Europe in the early 19th century to protect workers and small-scale farmers from the whims of automation and greed (Mmari, 2020). Since then, it has developed tremendously, and today it is thought that 1 in 7 people worldwide belong to a cooperative organization (Mmari &Thinyane, 2019). Due to its capacity to reach out to the grassroots and to individual homes, cooperatives have been employed successfully in several regions of the world as a tool for national development and poverty alleviation (Thampoe & Alfred, 2014). By providing funding to members so they can start profitable businesses, they promote economic growth and development. Therefore, their financial health and sustainability is key to the national economy.

In different parts of the world, savings and credit cooperatives have been characterized by financial malpractices such as fraud leading to their poor performance and at times collapse and hence the need for appropriate corporate governance (Shafii, Samad & Yunanda, 2019). As indicated by the agency theory, corporate governance focuses on strategies to align managers' and investors' objectives and make sure that businesses are governed in investors' best interests (Mayo, 2020). However, an agency problem occurs when the management of the savings and credit cooperatives (agents) seeks to serve their interests instead of considering the interests of the members (principal). The stakeholder theory indicates that a firm should ensure that all stakeholders' interests are covered. In savings and credit cooperatives, the main stakeholders include members and staff working in the management. As indicated by the stewardship theory, it is in the interest of all stakeholders for the organization to perform well. While the members will benefit from wealth maximization, the reputation of the management depends on the performance of the organization and hence they must be honest, diligent, and accountable. Well-governed organizations tend to have higher organizational competitiveness in terms of profitability, efficiency in service delivery and customer satisfaction, as compared to poorly governed companies. Additionally, a company is protected from future financial hardship by good corporate governance. The claim that any corporate individual's governance structure impacts its capacity to adjust to external forces that may have effect on financial performance has been made numerous times (Mmari, 2020).

In Uganda, Muhanguzi (2019) indicates that there has been massive fraud of funds by savings and credit cooperatives' leaders and that delinquency in savings and credit cooperatives had increased. As indicated by Muheebwa (2018), poor corporate governance and poor management have accelerated the amount of NPLs in SACCOs and negatively affected performance in Uganda. In Tanzania, Mmari (2020) observed that savings and credit cooperatives face problems of poor corporate governance and embezzlement of funds. These problems have led to not only poor performance of savings and credit cooperatives but also to low efficiency which affects their sustainability. In Kenya, Munga (2018) observed that corporate governance measured in terms of board's ownership, committees' dependency, and board size influenced insurance firms' performance significantly. These studies outline mixed findings on the relationship between various components of corporate governance and financial performance of firms. While some studies show positive associations between various components of corporate governance and financial performance of firms, others show negative associations. In addition, while some African nations have similar characteristics in their business environments and macroeconomic environment, the legal framework governing organizations such as SACCOs differ from one country to another.

Corporate governance refers to the system of rules, practices, processes, and structures by which an organization is directed, controlled, and managed (Stuebs & Sun, 2021). According to Azzam and

Muneeza (2022), corporate governance involves a set of relationships between a company's management, its board, its shareholders, and other stakeholders. Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals (Rossouw, 2021). Amartey, Yu, and Chukwu-lobelu (2019), defined corporate governance as all the methods that stakeholders try to ensure that managers, employees, and other insiders are always taking proper actions to protect their interests.

The goal of financial performance is to enable organization's advancement by guaranteeing that ROC exceeds cost of capital while avoiding taking on significant financial risks. It includes both long-term and short-term decisions and strategies (Barus, Muturi & Kibati, 2017). It is viewed as the extent to which a company's financial objectives are being or have been met within a given time frame. Financial ratios including liquidity ratios, profitability ratios, activity ratios and debt ratios (generated from their financial statements) are typically examined in financial performance measurement for businesses (Mmari & Thinyane, 2019).

Deposit taking SACCOs have grown rapidly in Kenya. Members establish SACCOs with the aim of mobilizing savings to develop credit sources for their fellow members at interest rates that are competitive (Sacco Societies Regulatory Authority, 2018). SACCOs are by their very nature intended to combat poverty because many of the members have low incomes. They are a part of the cooperative movement, which is one of the alternatives for attaining long-term economic growth because it underpins 45 percent of Kenya's economic operations (Sacco Societies Regulatory Authority, 2019).

Statement of the Problem

Cooperatives play significant role in the national economy and socio-economic development in Kenya. SACCOs in Kenya not only provide loans to their members, but they also offer investment opportunities, agricultural facilities for farmers, create employment, housing solutions, and so much more (Otieno, Mugo & Kimathi, 2015). The mobilization of savings in Kenya through Saccos has been increasing over the years. In 2020, Saccos mobilized Kshs. 442.27 billion, which increased to Kshs. 495.25 billion and Kshs. 556.71 billion in 2021 and 2022 respectively. The increasing rate of deposit and savings mobilization calls for prudent management of the funds which can only be achieved by ensuring appropriate corporate governance.

Various studies have been conducted in Kenya on Corporate Governance practices and financial performance. For instance, Osedo, Mwanza and Ogendo (2020) examined the effect of corporate governance on financial performance of general insurance companies in Kenya; Miring'u and Muoria (2017) studied the effect of Corporate Governance on Performance of Commercial State Corporations in Kenya, while Njuguna (2018) studied the role of corporate governance practices on financial performance of not-for-profit faith-based Hospitals in Central Kenya. However, Osedo et al. (2020) focused on general insurance companies, Miring'u and Muoria (2017) focused on commercial state corporations while Njuguna (2018) focused on not-for-profit faith-based Hospitals. This study therefore sought to find out the effect of Corporate Governance practices on financial performance of SACCOs in Trans Nzoia County.

Objectives of the Study

The general objective was to find out the effect of Corporate Governance practices on financial performance of SACCOs in Trans Nzoia County. The specific objectives of this study were:

- To evaluate the effect of board independence on financial performance of SACCOs in Trans Nzoia County
- To establish the effect of board accountability on financial performance of SACCOs in Trans Nzoia County.
- To evaluate the impact of audit committee on financial performance of SACCOs in Trans Nzoia County.

- To find out the effect of financial disclosure on financial performance of SACCOs in Trans Nzoia County

LITERATURE REVIEW

Agency Theory

The above theory was propagated by Meckling and Jensen (1976). Agency theory describes managers as agents and shareholders as principals because many decisions that affect the principal financially are made by the agents. When the priorities and interests of the agents and principals diverge, a principal-agent dilemma develops. The agent might be driven to work against the principals' interests, who would prefer higher dividends in order to further their own interests, such as satisfying their own financial and psychological demands. According to agency theory, agents are self-interested, boundedly rational, and have distinct objectives and risk tolerance preferences than principals.

To overcome their differing preferences for company activity and varied attitudes toward risk exposure, the principals and agents must be balanced. It is challenging and costly for the principle to keep an eye on the activity of the agent because information asymmetry holds that the principal and agent possess unequal amounts of information (typically the agent has better access to more information than the principal). Because principals and agents frequently view risk differently, risk is one of the reasons for agency problem. Due to the allure of huge profits, shareholders can be more prepared to accept greater risk than management. Managers who do not get the same rewards from unsafe decisions should exercise greater caution. Different agendas lead to distinct kinds of agency issues. Managers may make decisions that boost their own bottom line instead of maximizing the interests of the shareholders. In a study on corporate governance mechanisms and the operational performance of small and medium-sized enterprises, Ranka (2020) utilized the agency theory and indicated that the presence of an audit committee within the board of directors is sufficient to ensure the reliability of financial statements. Simple agency theory implies that principals do not trust agents to provide them with reliable and relevant information, therefore they will hire external experts who are independent of these agents.

Stewardship Theory

Davis and Donaldson established the above theory (1991). According to this theory, directors serve as stewards and are willing to act in their company's best interests. They will also operate in a way that promotes organizational value instead of self-serving gains. Directors' personal needs are met as they work toward organizational goals. As stewards, directors are therefore concerned with upholding moral principles and "doing the right thing".

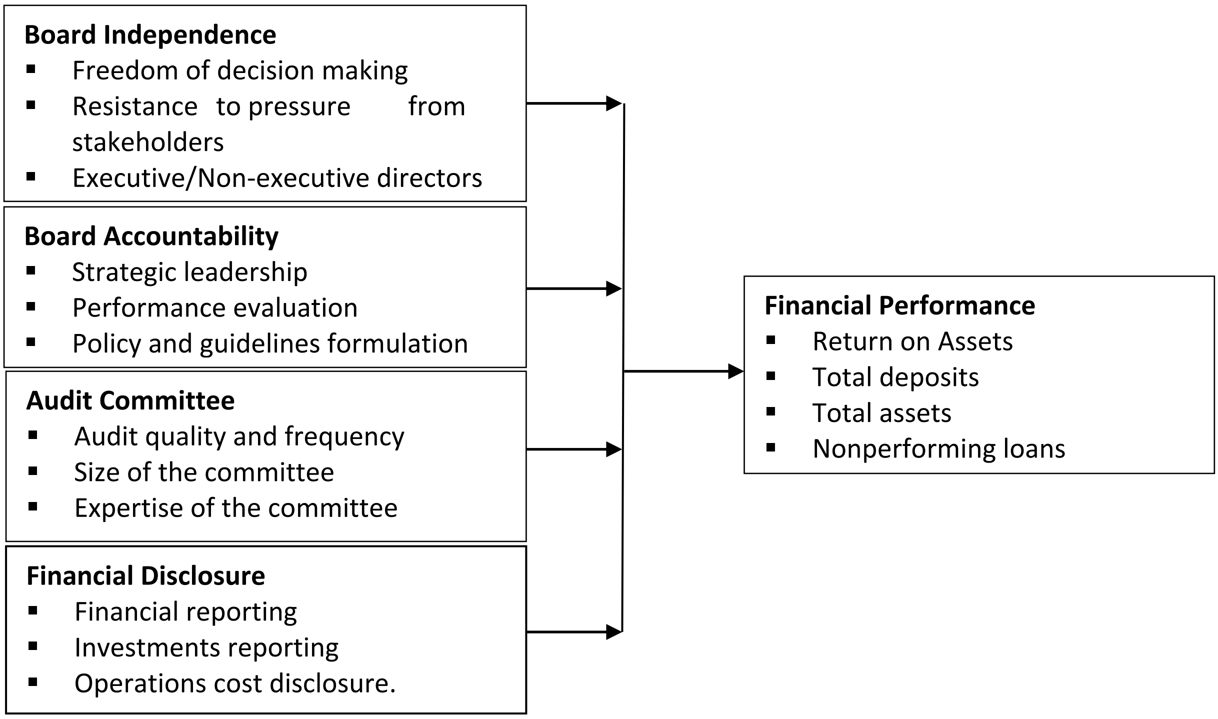
Stewards are assumed to be collectivists, pro-organizational, and trustworthy. Through company success, the steward maximizes and preserves shareholder value. Stewards are corporate leaders and managers who aim to protect and maximize shareholder returns. When organizational success is attained, stewards are satisfied. It places emphasis on the responsibility of employees to act with greater independence to maximize profits to shareholders. The workers faithfully perform their jobs and take ownership of them. Managers pursue goals such as a sense of self-worth, altruism, a good reputation, a job well done, a sense of fulfillment, and a sense of purpose other than financial ones according to stewardship theory. Segal and Lehrer (2012) contend that because each manager's career is entwined with the accomplishment of organizational goals and their reputations are entwined with the success of their companies and shareholder returns, managers share interests with the company.

Stakeholder Theory

Edward Freeman founded the above theory in 1984. According to this theory, a wide range of interested parties must be considered when defining a stakeholder. These include the company's employees, clients, suppliers, financiers, communities, governmental agencies, political parties, business associations, labor unions, and even rival companies, as all these groups have the potential to affect an organization's performance. According to this point of view, the workplace is an ecosystem of interrelated groups that should be considered and satisfied to maintain the organization's long-term health and prosperity (Zakhem & Palmer, 2020).

Stakeholder theory considers management's responsibility to many different stakeholders. When managing stakeholders connected with an organization, it also handles corporate ethics, morality and values. It aims to improve efficiencies across the board by maximizing relationships with stakeholders (Blackburn, 2019). According to this theory, the firm's goals and hence its outcomes should be determined by balancing the competing interests of its stakeholders. It suggests that a board will be primarily concerned with how well the firm performs in terms of living up to stakeholder expectations and ensuring that the reported outcomes are advantageous to shareholders. In a study on corporate governance on financial performance of deposit taking SACCO's, Oguku (2016) observed that involvement of all stakeholders was important in ensuring improvement in the financial performance of SACCOs.

Conceptual Framework



Independent variables **Dependent Variable**

Figure 1: Conceptual Framework

Empirical Review

Board Independence and Financial Performance

In Canada and Nigeria, Ayodeji and Okunad (2019) sought to examine the association between board independence, as measured in terms of freedom of decision making and executive/non-executive directors, and corporate financial performance of Deposit Money Banks. The study used secondary data taken from 2008 and 2017 yearly financial statements of Deposit Money Banks quoted on Nigerian Stock Exchange and in Canadian Stock Market. According to the results, there is strong correlation between profitability of deposit money banks in Nigeria and Canada and board independence. Oludele, Oloko, and Tobiah (2016) looked at the relationship between listed manufacturing businesses' financial success and board independence in Nigeria. 34 businesses were purposefully chosen among the 74 that make up Nigeria's manufacturing sector. Secondary and also primary data were utilized in this research. The outcome demonstrated that board independence and financial performance are significantly positively correlated. The study was conducted among commercial banks and hence its findings cannot be generalized to SACCOs due to differences in regulatory framework.

In Kenya, Manini and Abdillahi (2018) examined the relationship between board characteristics and listed manufacturing and allied firms' financial performance. The research employed an explanatory research design. The study population comprised 10 listed manufacturing and allied companies on NSE. The results indicated that board characteristics constructs including board independence had significant effect on listed manufacturing and allied firms' financial performance. Further, using a cross-sectional survey Mandu (2010) examined the association between board independence measured in terms of resistance to pressure from stakeholders and executive/non-executive directors and the commercial banks' financial performance. The study targeted 45 commercial banks operating in Nairobi. The yearly financial reports of Kenyan commercial banks were used to compile the data for the years 2004 through 2008. The study discovered that the structure of audit committees has no impact on a company's success. However, this study was conducted among listed manufacturing and allied companies in the NSE, which are different from SACCOs in terms of structure, organizational culture and vision. The study utilized secondary data only, but the current study combined both primary and secondary data. Also, a cross-sectional survey design was used, but the current study adopted a descriptive survey design.

Board Accountability and Financial Performance

Mwesigwa, Sentrine, and Suzan (2014) conducted a study to ascertain if board accountability as well as managerial skills are associated with the commercial banks' financial performance in Uganda. Twenty-five commercial banks operating in Uganda were taken into consideration for the study, which used a cross-sectional and quantitative design. Purposive sampling was used to make sure that more board members and CEOs from commercial banks were taken into consideration while simple random sample was employed to choose managers and banking assistants. The study found a strong correlation between board accountability and managerial skills and the commercial banks' financial performance in Uganda. Nonetheless, the study was limited to commercial banks operating in Uganda, which are different from SACCOs in Kenya. The study used simple random sampling, but the current study used a census approach and hence the whole population was involved in the study.

Chemakai, Alala and Charles (2018) examined the contribution of board accountability in Sacco's performance in Kakamega County. The research used explanatory survey research approach. The study targeted 5 selected SACCOs within Kakamega urban area. A total of 800 shareholders and 45 board members made up the 890 respondents chosen by employing stratified random sampling. Study findings indicated that board accountability had positive and significant relationship with SACCOs' performance. However, the study was limited to SACCOs in Kakamega County, but the focus of this study is SACCOs in Nairobi County. Just like Mbugua (2013), this study adopted stratified random sampling in the selection of the sample size.

Audit Committee and Financial Performance

Krismiaji and Ashari (2019) examined the influence of audit committee attributes in terms of audit quality, frequency and size of the committee on financial performance of IDX quoted manufacturing companies. This research used manufacturing firms accessible on IDX for 2016 and 2017. The study found that all the characteristics of audit committee, including audit committee independence, competence, size as well as frequency of meetings positively affect company's performance. Nonetheless, the study was conducted among quoted manufacturing companies that deal with production of goods unlike SACCOs that deal with provision of financial services. Just like Hamdan et al. (2013), secondary data was used in this study and hence the views of the stakeholders were not put into consideration.

A study by Mbobo and Umoren (2016) examined the influence of audit committee attributes like audit frequency, audit quality and expertise of the committee on the QFR in Nigerian banks. The study population consisted of all deposit money banks operating within Nigeria as of 31st December 2013. Data on these characteristics was taken from selected banks' annual reports from 2006 to 2013. The result demonstrated that the QFR in Nigerian banks is highly influenced by the audit committee's size independence, meeting attendance, and possession of a written charter. Nonetheless, this study was conducted in Nigerian banks which differ from SACCOs in terms of regulatory framework and business environment. Just like in Amer’s (2016) study, this study used secondary data covering the period between 2006 and 2013. However, the current study used primary data collected from heads of finance and administration.

Financial Disclosure and Financial Performance

Newman, Mhaka, Katiyo, Ongayi and Milondzo (2017) carried out an assessment in hospitality industry of the financial statements effectiveness in disclosing true performance of the business to stakeholders. The study used a case study design. The study population comprised of 180 major shareholders, senior managers, accounts staff and junior managers in African Sun Limited in Zimbabwe. Questionnaires and structured interviews were used as research instruments. The study findings revealed that regulatory requirement regarding financial information disclosure, audience to financial statements and preparation of financial statements were amongst the factors to be taken into consideration for purposes of information disclosure. However, the independent variable in this study was financial information disclosure. This study used a case study design and used one institution, African Sun Limited. However, this study used a descriptive research design.

In India, Sahore and Verma (2017) assessed the relationship between corporate disclosures in terms of financial reporting and financial performance of non-manufacturing as well as manufacturing companies. Moreover, the study targeted 100 NSE-listed companies. The results were quite positive and showed that stock returns, particularly in recent years, have reacted to corporate voluntary disclosures of financial and non-financial information. The investing community and other stakeholders, such as policymakers and regulators, may be interested in the impact of more disclosures on stock prices. However, the study was limited to firms in India, and the independent variable was corporate disclosures. Further, this study focused on the board members of 100 NSE-listed companies, but the current study made use of heads of finance and administration departments.

Musyoka (2017) examined the impact of voluntary disclosure in terms of financial reporting and investments reporting on NSE-listed companies’ financial performance. The correlation research approach was applied during the research. Furthermore, the study population involved of 64 companies listed in NSE. The study found a strong and positive association between financial policy disclosures, investment policy disclosures, financial liquidity, research and development, sales growth and firm performance. However, the study used voluntary disclosure as the independent variable in the study. In addition, this study used a correlation research approach, but the current study adopted a descriptive research design.

METHODOLOGY

The study used a descriptive survey research design to investigate the effects of corporate governance on financial performance of deposit taking SACCO Trans Nzioa County.

The study targeted five deposit taking SACCOs in Trans Nzoia issued with operational licenses. The study targeted top managements that include board members, CEOs and departmental managers.

The sampling frame for this study comprised of Board Members, CEOs and Departmental Managers. A total of 66 respondents was used as the sample size using census sampling technique.

Primary data was collected using semi-structured questionnaire. In the pilot study, 7 questionnaires were administered to 7 respondents who were selected randomly from the two-deposit taking Saccos in Bungoma County to ascertain the suitability of the instrument before the actual administration.

The Cronbach alpha computation which is one of the most widely used methods of examining internal consistency was employed in this study.

Anderson and Pole (2001) postulates that once data has been collected, the researcher must be able to interpret it reliably. The procedure encompasses grouping of questionnaires, editing and coding of responses and then running the processed data using the Statistical Package for Social Sciences (SPSS) tool. Both the descriptive statistics (frequencies, percentages and means) and inferential statistics (correlation and regressions) were used to analyze the data collected with significance level of 0.05. The findings were presented in form of tables and models

The multiple regression equation was as follows:

$Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+\beta_4X_4 + \varepsilon$

Where Y is the dependent variable (Financial Performance),

β_0 is the regression constant,

β_1, β_2, β_3 and β_4 are the coefficients of independent variables,

X_1 is Board Independence

X_2 is Board Accountability

X_3 is Audit Committee

X_4 is Financial Disclosure

ε is error term

FINDINGS AND DISCUSSIONS

Response rate

A total of 66 questionnaires were dispatched in the field for data collection and 59 questionnaires were returned fully filled, depicting a response rate of 89.4% which is good for generalizability of the research findings to a wider population. Richard (2015) recommended that at least 70% of response rate to be both desirable and achievable. The response rate of 89.4% which was attained during this study is acceptable because it is above the 60%.

Analysis of Descriptive Data

These are descriptive statistics based on summarized responses on the structured questions about the influence of Corporate Governance practices on financial performance of SACCOs in Trans Nzoia County. The responses are based on Likert scale with values ranging from 5 to 1; that is; where 5 = strongly agree, 4 Agree, 3, partially agree, 2, Disagree and 2 Strongly disagree. N=59

Board independence and Financial performance of SACCOs in Trans Nzoia County

These are descriptive statistics to determine whether board independence affect the financial performance of SACCOs in Trans Nzoia County as summarized in table 1.

Table 1: Descriptive statistics: Board independence

Statements	5	4	3	2	1	Mean	S.D
Board of directors in the SACCO are free to exercise their duties effectively	38.2 (29)	42.1 (32)	14.5 (11)	1.3 (1)	3.9 (3)	4.09	0.97
The freedom of decision making by board of directors is limited	42.1 (32)	28.9 (22)	9.2 (7)	15.8 (12)	3.9 (3)	3.89	1.23
Am satisfied with the level of freedom of decision making exercised by boardof directors	36.8 (28)	35.5 (27)	11.8 (9)	10.5 (8)	5.3 (4)	3.88	1.18
Board of directors is fully controlled by stakeholders	35.5 (27)	38.2 (29)	13.2 (10)	9.2 (7)	3.9 (3)	3.92	1.10
Board of directors are free from any pressure originating from the stakeholder	31.6 (24)	50 (38)	7.9 (6)	6.6 (5)	3.9 (3)	3.99	1.01
Am satisfied with the level of control exercised by stakeholders on board of directors	36.8 (28)	39.5 (30)	7.9 (6)	11.8 (9)	3.9 (3)	3.93	1.14
The proportion of non-executive members in the board of directors is very high	42.1 (32)	30.3 (23)	13.2 (10)	10.5 (8)	3.9 (3)	3.96	1.16
Non-executive members influence decision making of the board of directors	35.5 (27)	44.7 (34)	10.5 (8)	5.3 (4)	3.9 (3)	4.03	1.019
Am satisfied with percentage of non-executive members in the board ofdirectors	36.8 (28)	40.8 (31)	13.2 (10)	3.9 (3)	5.3 (4)	4.00	1.071

For the statement "Board of directors in the SACCO are free to exercise their duties effectively," 29 out of 59 respondents reported feeling strongly positive about this issue, while another 32 agreed to some extent. Only a small fraction - around 19% - showed signs of partial agreement, whereas just 12% said they disagreed. An even smaller group of 5% stated that they strongly disagreed with the idea. On average, respondents leaned towards agreement, giving this statement a mean score of 4.09 (on a five-point scale) and exhibiting little variation in opinion, as suggested by the relatively narrow standard deviation of 0.97.

Regarding the notion that "the freedom of decision making by board of directors is limited," 32 participants seemed convinced of its validity, while 22 others tended to concur. Somewhat fewer individuals - 12% - expressed partial agreement, yet almost equal proportions voiced dissent, with 15% saying they disagreed and 20% stating otherwise. Altogether, this resulted in a fairly ambivalent stance toward the issue, reflected in a mean value of 3.89 and a substantial dispersion in scores, evidenced by the larger standard deviation of 1.23.

When asked whether they feel content with the existing degree of decision-making autonomy granted to the board of directors, nearly half of the sample population conveyed approval, comprising 28 participants reporting strong agreement and another 27 showing general accord. Meanwhile, 15% demonstrated some reservations concerning this matter, and approximately 19% registered disapproval, including those holding particularly negative views. Over three quarters of the respondents maintained a position leaning towards agreement, yielding an overall mean assessment of 3.88, along with a moderately sized spread of opinions represented by the standard deviation of 1.18.

Concerning the assertion that "board of directors is fully controlled by stakeholders," roughly 36% of the sample appeared receptive, divided equally among those expressing wholehearted agreement and those showing milder endorsement. By comparison, a much smaller share amounting to 13% revealed sympathy for the opposing perspective, split between partial and full disagreement. Interestingly, close to 50% remained undecided, neither supporting nor rejecting the claim entirely. With such polarization evident, the resulting mean score settled near the midpoint at 3.92, accompanied by considerable fluctuation signified by a wide standard deviation of 1.10.

Turning to the topic of external pressures exerted upon the board of directors, about 32% displayed affirmation, albeit without great enthusiasm, followed closely by 38% registering indifference. Despite these lukewarm reactions, contrasting sentiments emerged amongst the remaining responders, dividing them into two distinct categories: those favorably inclined, accounting for 10%; and those decidedly opposed, representing another 10%. Thus, the distribution of opinions skewed positively, leading to a mean evaluation of 3.99, coupled with notable disparities quantifiable through the standard deviation of 1.01.

Examining the relationship between stakeholders and the board of directors, specifically focusing on oversight functions, the data reveals that nearly 37% supported the presence of robust supervision, although only 9% held resolute convictions. Parallel trends prevailed when considering opposition, wherein a combined total of 16% objected, consisting of 6% weakly dismissive and 10% staunchly defiant. Still, over four tenths of the sample declined involvement, leaving the balance sheet predominantly green despite fluctuations traceable via the standard deviation of 1.14.

Next, addressing the relative abundance of nonexecutive representatives within the board, an estimated 42% confirmed the observation, attributable primarily to the 32% providing unqualified assent. While acknowledging the phenomenon, the rest of the cohort wavered, spanning from slight reluctance at 13% to firm denial at 10%. Accordingly, the arithmetic mean climbed to 3.96, indicative of broad consensus tempered by occasional discrepancies encapsulated by the standard deviation of 1.16.

Considering the capacity of nonexecutives to sway strategic choices made by the collective body, approximately 36% acknowledged their influence, largely attributed to the 27% conceding weight to their impact. Nonetheless, other factions proved reticent, encompassing 14% harboring doubts and 10% flatly refuting the possibility. Ultimately, the numerical outcome materialized at 4.03, implying a clear preference bolstered by some inconsistencies illustrated through the standard deviation of 1.02.

Lastly, evaluating the suitability of nonexecutive representation levels inside the boardroom, just under 37% declared satisfaction, mainly stemming from the 28% manifesting unequivocal pleasure. Yet, sizeable minorities betrayed uncertainty, ranging from modest wariness at 13% to pronounced disappointment at 5%. All things considered, the computed mean stood at 4.00, corroborating a reasonably optimistic posture subject to scattered variations symbolized by the standard deviation of 1.07.

Board accountability on Financial performance of SACCOs in Trans Nzoia County

These are descriptive statistics to find out the extent to which board accountability determines the financial performance of SACCOs in Trans Nzoia County as summarized in table 2.

Table 2: Descriptive statistics: Board accountability

Statements	5	4	3	2	1	Mean	S.D
The board of directors ensures that organization's operations are in line withestablished laws of the land	34.2 (26)	26.3 (20)	21.1 (16)	7.9 (6)	10.5 (8)	3.66	1.31
Am satisfied with the level of strategic leadership exercised by the board ofdirectors	30.3 (23)	22.4 (17)	11.8 (9)	25 (19)	10.5 (8)	3.37	1.41
The board of directors in the SACCO take responsibility of all the operations	34.2 (26)	23.7 (18)	22.4 (17)	10.5 (8)	9.2 (7)	3.63	1.30
Performance of the organization employees is assessed on a regular basis	36.8 (28)	25 (19)	17.1 (13)	9.2 (7)	11.8 (9)	3.66	1.37
The organization has established strategies to conduct performance evaluation	26.3 (20)	21.1 (16)	19.7 (15)	15.8 (12)	17.1 (13)	3.24	1.44
Am satisfied with the level of employee performance in the organization	34.2 (26)	21.1 (16)	17.1 (13)	18.4 (14)	9.2 (7)	3.53	1.37
Board accountability can be improved through policy formulation	35.5 (27)	18.4 (14)	19.7 (15)	17.1 (13)	9.2 (7)	3.54	1.37
Board accountability can be improved through guidelines formulation	36.8 (28)	13.2 (10)	17.1 (13)	19.7 (15)	13.2 (10)	3.41	1.480
The views of all stakeholders are put into consideration when formulatingpolicies in the organization	35.5 (27)	22.4 (17)	14.5 (11)	15.8 (12)	11.8 (9)	3.54	1.418

Most respondents (34.2%) strongly agreed that the board of directors ensured organizational compliance with established laws, while a further 26.3% agreed. Only 10.5% expressed some level of disagreement. The mean score was 3.66 and the standard deviation was 1.31, indicating a fair amount of agreement. Around 30.3% strongly agreed that they were satisfied with the strategic leadership provided by the board of directors, but a significant minority (25%) disagreed. The mean score was 3.37 and the standard deviation was 1.41, suggesting less agreement compared to the first statement.

Nearly 34.2% strongly agreed that the board took responsibility for all organizational operations, but 10.5% disagreed. The mean score was 3.63 and the standard deviation was 1.30, indicating a reasonable level of agreement. Regular employee performance assessments were practiced according to 36.8% of respondents, while 11.8% disagreed. The mean score was 3.66 and the standard deviation was 1.37, demonstrating good agreement.

Fewer than half of respondents (26.3%) believed that the organization had set up methods for conducting performance evaluations. More than a third (17.1%) disagreed. The mean score was 3.24 and the standard deviation was 1.44, revealing less agreement. Satisfaction with employee performance varied widely, with 34.2% expressing approval and 18.4% dissatisfied. The mean score was 3.53 and the standard deviation was 1.37, still pointing to decent agreement.

Improving board accountability through policy formulation found support among 35.5% of respondents, while 13.2% disagreed. The mean score was 3.54 and the standard deviation was 1.37, signaling acceptable agreement. Guidelines formulation received backing from 36.8% of participants, while 15.8% rejected the proposition. The mean score dropped significantly to 3.41, and the standard deviation rose to 1.48, hinting at reduced consensus. Stakeholder perspectives were taken into account during policymaking, per 35.5% of respondents, but 15.8% saw no evidence of that happening. The mean score was 3.54 and the standard deviation was 1.42, illustrating satisfactory agreement.

Audit committee on Financial performance of SACCOs in Trans Nzoia County

There are descriptive statistics on the extent to which audit committee determine the financial performance of SACCOs in Trans Nzoia County as summarized in table 3.

Table 3: Descriptive statistics: Audit committee

Statements	5	4	3	2	1	Mean	S.D
The audit committee ensures quality audit reports every time an audit is conducted	38.2 (29)	25 (19)	5.3 (4)	30.3 (23)	1.3 (1)	3.68	1.30
Auditing in the organization is done frequently in a year	43.4 (33)	21.1 (16)	1.3 (1)	27.6 (21)	6.6 (5)	3.67	1.44
The organization always uses internal auditor in financial operations in theorganization	47.4 (36)	25 (19)	1.3 (1)	22.4 (17)	3.9 (3)	3.89	1.32
The organization always ensures inclusion of non-executive directors in thecommittee	48.7 (37)	18.4 (14)	3.9 (3)	25 (19)	3.9 (3)	3.83	1.37
The organization makes sure that in audit committee, most of the members are independent directors	47.4 (36)	36.8 (28)	7.9 (6)	6.6 (5)	1.3 (1)	4.22	0.95
The organizations ensures that audit committee has the maximum number of staffas required by the organization by-laws	47.4 (36)	36.8 (28)	6.6 (5)	5.3 (4)	3.9 (3)	4.18	1.04
Audit committee always includes experts in the field of auditing	39.5 (30)	28.9 (22)	0 ()	27.6 (21)	3.9 (3)	3.72	1.34
Members of the audit committee have enough experience to effectively performtheir duties	39.5 (30)	25 (19)	2.6 (2)	28.9 (22)	3.9 (3)	3.67	1.360
Am satisfied with the level of training of the audit committee	34.2 (26)	25 (19)	7.9 (6)	28.9 (22)	3.9 (3)	3.57	1.330

The audit committee's ability to ensure quality audit reports received a moderate mean score of 3.68. A significant portion of respondents (38.2% strongly agreed and 25.0% agreed) indicated satisfaction with the committee's role in maintaining audit report quality. However, variability in responses (standard deviation of 1.30) suggests that some stakeholders may have reservations or differing opinions regarding the consistency and effectiveness of audit quality assurance processes.

There was moderate agreement (mean score of 3.67) that auditing within the organization is conducted frequently. 43.4% of respondents strongly agreed and 21.1% agreed with this statement, indicating a majority (64.5%) perceive auditing frequency positively. Despite this, the high standard deviation of 1.44 suggests variability in perceptions, with some stakeholders potentially feeling that auditing may not occur as frequently as desired or as needed to ensure comprehensive oversight. The organization's consistent use of internal auditors in financial operations was strongly perceived (mean score of 3.89). A significant majority (47.4% strongly agreed and 25.0% agreed) expressed confidence in this practice, totaling 72.4% agreement. However, a standard deviation of 1.32 indicates variability in perceptions, suggesting that some stakeholders may question the effectiveness or consistency of internal audit practices despite the overall positive perception.

Ensuring the inclusion of non-executive directors in the audit committee received a mean score of 3.83, indicating moderate agreement. 48.7% of respondents strongly agreed and 18.4% agreed, totaling 67.1% agreement. The standard deviation of 1.37 reflects varied perceptions, implying differing views on the adequacy or effectiveness of non-executive directors' involvement in governance and oversight. The organization's effort to maintain a majority of independent directors in the audit committee was strongly endorsed (mean score of 4.22). A substantial majority (47.4% strongly agreed and 36.8% agreed) agreed with this statement, totaling 84.2% agreement. The low standard deviation of 0.95 indicates high consensus among respondents, suggesting robust governance practices and adherence to corporate governance standards.

The audit committee's adherence to staffing requirements as per organizational by-laws was also strongly supported (mean score of 4.18). 47.4% strongly agreed and 36.8% agreed with this statement, totaling 84.2% agreement. However, the standard deviation of 1.04 suggests some variability in perceptions, indicating potential discrepancies in understanding or interpretation of organizational by-laws regarding audit committee staffing. Including experts in auditing within the audit committee received a moderate mean score of 3.72. While 39.5% of respondents strongly agreed and 28.9% agreed, totaling 68.4% agreement, the standard deviation of 1.34 suggests variability in perceptions regarding the sufficiency or effectiveness of auditing expertise within the committee.

Committee members' perceived experience to effectively perform their duties received a mean score of 3.67, indicating moderate agreement. 39.5% strongly agreed and 25.0% agreed with this statement, totaling 64.5% agreement. However, the standard deviation of 1.36 suggests differing views on the adequacy of committee members' experience, which could impact their effectiveness in governance and oversight roles. Satisfaction with the training level of the audit committee was moderate (mean score of 3.57). 34.2% strongly agreed and 25.0% agreed with this statement, totaling 59.2% satisfaction. The standard deviation of 1.33 indicates variability in satisfaction levels, suggesting potential gaps in perceived training effectiveness or adequacy among stakeholders.

Financial disclosure on Financial performance of SACCOs in Trans Nzoia County

These are descriptive statistics on the extent to which financial disclosure determines the financial performance of SACCOs in Trans Nzoia County as summarized in table 4.

Table 4: Descriptive statistics: Financial disclosure

Statements	5	4	3	2	1	Mean	S.D
Financial reports in the organization present the actual financial position ofthe organization	32.9 (25)	47.4 (36)	10.5 (8)	3.9 (3)	5.3 (4)	3.99	1.04
Am satisfied with the process of providing access to financial information.	34.2 (26)	26.3 (20)	9.2 (7)	25 (19)	5.3 (4)	3.59	1.33
Financial reports for the institution adhere to the GAAP guidelines	30.3 (23)	21.1 (16)	11.8 (9)	31.6 (24)	5.3 (4)	3.39	1.35
Investors are always satisfied with the investment reports issued by theinstitution	26.3 (20)	52.6 (40)	13.2 (10)	2.6 (2)	5.3 (4)	3.92	0.99
Investment reports are not exaggerated in any way	34.2 (26)	44.7 (34)	11.8 (9)	3.9 (3)	5.3 (4)	3.99	1.05
Am satisfied with the level of investments reporting in the institution	34.2 (26)	39.5 (30)	7.9 (6)	10.5 (8)	7.9 (6)	3.82	1.24
The organization discloses the actual operations cost after every financialyear	34.2 (26)	17.1 (13)	9.2 (7)	32.9 (25)	6.6 (5)	3.39	1.41
Operation costs are always lower that the total income	38.2 (29)	13.2 (10)	9.2 (7)	31.6 (24)	7.9 (6)	3.42	1.463
The operations cost has been increasing over years	40.8 (31)	19.7 (15)	7.9 (6)	26.3 (20)	5.3 (4)	3.64	1.383

The statement "Financial reports in the organization present the actual financial position of the organization" received an average rating of 3.99, indicating that, on average, respondents somewhat agree that the financial reports accurately reflect the organization's financial status. Specifically, 32.9% strongly agreed and 47.4% agreed with this statement, showing a combined agreement of 80.3%. The low standard deviation (1.04) suggests that responses were fairly consistent among respondents, indicating a generally positive perception of financial reporting accuracy.

The average score for satisfaction with the process of providing access to financial information was 3.59. This score indicates a moderate level of satisfaction, with 34.2% of respondents strongly agreeing or agreeing with the statement. However, there was variability in responses, with a standard deviation of 1.33, suggesting that while some stakeholders are satisfied, others may feel that access could be improved.

The mean score of 3.39 for adherence to GAAP guidelines suggests a moderate agreement among respondents. Specifically, 30.3% agreed and 21.1% strongly agreed that financial reports adhere to GAAP guidelines, totaling 51.4% agreement. However, the standard deviation of 1.35 indicates varying perceptions among stakeholders regarding compliance with accounting standards.

Investor satisfaction with investment reports received a mean score of 3.92, indicating a strong agreement that investors are generally satisfied. This perception was consistent among respondents, with a low standard deviation of 0.99. Specifically, 26.3% strongly agreed and 52.6% agreed with this statement, demonstrating a high level of satisfaction among the majority of stakeholders.

The statement "Investment reports are not exaggerated in any way" received a mean score of 3.99, indicating a strong consensus among respondents that reports are accurate. 34.2% strongly agreed and 44.7% agreed with this perception, amounting to 78.9% agreement. However, the standard deviation of 1.05 suggests some variability in how stakeholders perceive the accuracy of investment reports.

The average satisfaction score with the level of investment reporting was 3.82, indicating moderate satisfaction. 34.2% of respondents expressed strong agreement or agreement with this statement. The standard deviation of 1.24 suggests that while there is moderate satisfaction overall, there are differing views on the comprehensiveness of investment reporting.

The mean score of 3.39 suggests a moderate agreement that the organization discloses operational costs annually. Specifically, 34.2% agreed and 17.1% strongly agreed with this statement, totaling 51.3% agreement. However, the high standard deviation of 1.41 indicates varied perceptions among respondents regarding the frequency and clarity of these disclosures.

The statement "Operation costs are always lower than the total income" received an average rating of 3.42, indicating a moderate agreement. 38.2% of respondents agreed or strongly agreed with this statement. The high standard deviation of 1.46 suggests diverse opinions among stakeholders regarding the efficiency of cost management relative to income levels.

The mean score of 3.64 indicates a moderate agreement that operational costs have been increasing over time. Specifically, 40.8% agreed or strongly agreed with this perception. However, the standard deviation of 1.38 suggests variability in how stakeholders perceive the trend in operational costs, with some possibly perceiving stability or fluctuations instead.

Financial performance of SACCOs in Trans Nzoia County

These are descriptive statistics to find out the extent of financial performance of SACCOs in Trans Nzoia County as summarized in table 5.

Table 5: Descriptive statistics: Financial performance

Statements	5	4	3	2	1	Mean	S.D
The Return on Assets (ROA) of our SACCO is satisfactory compared to industry benchmarks.	38.2 (29)	38.2 (29)	5.3 (4)	13.2 (10)	5.3 (4)	3.91	1.20
The SACCO's total deposits have consistently increased over the past few years.	31.6 (24)	23.7 (18)	15.8 (12)	26.3 (20)	2.6 (2)	3.55	1.26
The total assets of our SACCO accurately reflect its financial strength and stability.	38.2 (29)	35.5 (27)	14.5 (11)	7.9 (6)	3.9 (3)	3.96	1.10
The SACCO effectively manages non-performing loans to mitigate financial risks.	38.2 (29)	22.4 (17)	18.4 (14)	17.1 (13)	3.9 (3)	3.74	1.25
The SACCO's financial performance, as indicated by key indicators, meets or exceeds stakeholders' expectations.	36.8 (28)	23.7 (18)	23.7 (18)	10.5 (8)	5.3 (4)	3.76	1.21

This study included a series of questions pertaining to the financial performance of savings and credit cooperatives (SACCOs). Participants responded to these queries using a five-tier Likert scale measuring their agreement on specific topics. The resulting dataset contained responses from 59 participants, enabling calculation of both mean values and standard deviations for individual items.

One item evaluated participant perception of the return on assets (ROA) offered by their respective SACCO institutions. Of the respondents, 38.2% strongly agreed that the ROA met or exceeded industry norms, resulting in a mean score of 3.91 and a standard deviation of 1.20. Another area explored consisted of changes in total deposits over preceding years. Approximately 31.6% of participants agreed that these funds steadily grew, contributing to a mean score of 3.55 and a standard deviation of 1.26.

Additionally, the analysis examined the degree to which total assets mirrored the actual financial standing of the SACCO entities. Findings indicated that 38.2% of participants firmly believed that the assets accurately depicted the SACCO's health, aligning with a mean result of 3.96 and a standard deviation of 1.10.

Another facet investigated entailed the capability of SACCOs to manage non-performing loans, thereby reducing associated financial hazards. Thirty-eight point two percent (38.2%) of participants expressed strong agreement with the statement, producing a mean value of 3.74 and a standard deviation of 1.25. Finally, the research gauged participant impressions of the SACCO's broader financial accomplishments vis-à-vis stakeholder expectations. About 36.8% of respondents either agreed or strongly agreed, correlating with a mean score of 3.76 and a standard deviation of 1.21.

To recapitulate, participants in this study perceived a satisfactory return on assets, steady deposit accumulation, appropriate reflection of SACCO financial status in totality, and effective administration of non-performing loans. Nevertheless, additional progress might be needed to meet or surpass stakeholder aspirations completely. Importantly, calculating means and standard deviations allows researchers to identify patterns, variances, and levels of consensus among participants, informing future studies and potential avenues for intervention or remedy.

Inferential statistics

Pearson Correlation Results

The correlation coefficient (r) results are presented as shown in Table 6 using Pearson correlation analysis, which computes the direction (Positive/negative) and the strength (Ranges from -1 to +1) of the relationship between two continues or ratio/scale variables.

Table 6: Multiple Correlation Matrix

		BI	BA	AC	FD
BI: Board independence	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	59			
BA: Board accountability	Pearson Correlation	.485**	1		
	Sig. (2-tailed)	.000			
	N	59	59		
AC: Audit committee	Pearson Correlation	.595**	.422**	1	
	Sig. (2-tailed)	.000	.000		
	N	59	59	59	
FD: Financial disclosure	Pearson Correlation	.141	.225**	.322**	1
	Sig. (2-tailed)	.078	.005	.000	
	N	59	59	59	59
Financial performance of SACCOs in Trans Nzoia County	Pearson Correlation	.497**	.457**	.505**	.400**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	59	59	59	59

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

From the correlation Table 6, board independence is positively correlated to financial performance of SACCOs in Trans Nzoia County, the coefficient is 0.497 (p value < 0.01) this is significant at 99% confidence level. Thus, increase in board independence would make financial performance of SACCOs in Trans Nzoia County to increase in same direction. The results are supported by Al-Sahafi, Rodrigs and Barnes (2015) show that board independence characterized by freedom of decision making has a significant positive relationship with banks' financial performance. In Canada and Nigeria, Ayodeji and Okunad (2019) found out that there is strong correlation between profitability of deposit money banks in Nigeria and Canada and board independence. Oludele, Oloko, and Tobiah (2016) demonstrated that board independence and financial performance are significantly positively correlated.

Similarly, the correlation coefficient for board accountability was 0.457, P=0.000, suggesting that there is significant positive relationship between board accountability and financial performance of SACCOs in Trans Nzoia County. Increase in board accountability would results to increase in financial performance of SACCOs in Trans Nzoia County. Mwesigwa, Sentrine, and Suzan (2014) found a strong correlation between board accountability and managerial skills and the commercial banks' financial performance in Uganda. Mbugua (2013) found a significant link between accountability and the NGOs' financial performance in Kenya. Chemakai, Alala and Charles (2018) indicated that board accountability had positive and significant relationship with SACCOs' performance.

Similarly, a correlation coefficient of 0.505** implied that there is significant positive relationship between audit committee and financial performance of SACCOs in Trans Nzoia County. Krismiaji and Ashari (2019) found that all the characteristics of audit committee, including audit committee independence, competence, size as well as frequency of meetings positively affect company's performance. Azembila (2016) found a link between audit committees' qualities and firms' performance. The firm's performance was unaffected by the audit committee's ratio of independent members. The performance of the company was adversely affected by the number of independent audit committee members who held degrees in finance or accounting. Hamdan, Sarea and Reyad (2013) revealed that audit committee (financial experience, audit committee size and independence of audit committee) influences stock and financial performance.

Lastly, there is significant positive relationship between financial disclosure and financial performance of SACCOs in Trans Nzoia County as indicated by .505**, p=0.000. This implies that increase in financial disclosure would results to increase in financial performance of SACCOs in Trans Nzoia County. Newman, Mhaka, Katiyo, Ongayi and Milondzo (2017) revealed that regulatory requirement regarding financial information disclosure, audience to financial statements and preparation of financial statements were amongst the factors to be taken into consideration for purposes of information disclosure. Sahore and Verma (2017) results were quite positive and showed that stock returns, particularly in recent years, have reacted to corporate voluntary disclosures of financial and non-financial information. Ojeka, Mukoro and Kanu (2015) indicated that financial reporting disclosures and financial performance are significantly correlated, with the exception of the proportion of value added kept for growth size, where there was insignificant correlation.

Multiple regression analysis

Multiple regression analysis was computed to assess the multivariate influence of the study's independent variables (board independence, board accountability, audit committee and financial disclosure) on the dependent variable (financial performance of SACCOs in Trans Nzoia County). This was after the compulsory assumptions of multiple regression analyses were checked and met. The multiple regression results are shown in table 7.

Table 7: Multiple regression results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.643[a]	.414	.398	.6580	.414	26.666	4	54	.000

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	46.178	4	11.544	26.666	.000[b]
	Residual	65.372	54	.433		
	Total	111.550	58			

a. Predictors: (Constant), Financial disclosure, Audit committee, Board accountability, Board independence

b. Dependent Variable: Financial performance

Multiple regression analysis in table 7 shows the multiple regression results of the combined influence of the study's independent variables (board independence, board accountability, and audit committee and financial disclosure). The model's R squared (R^2) is 0.414 which shows that the study explains 41.4% of variation in financial performance of SACCOs in Trans Nzoia County, while other factors not in the conceptualized study model accounts for 58.6%, hence, it is a good study model.

Furthermore, Analysis of Variance (ANOVA) shows the mean squares and F statistics significant (F=26.666; significant at *p<.001*), thus confirming the fitness of the model and also implies that the study's independent variables (board independence, board accountability, audit committee, financial disclosure) have significant variations in their contributions to financial performance of SACCOs in Trans Nzoia County.

Finally, the values of unstandardized regression coefficients with standard errors in parenthesis in table 7 indicate that all the study's independent variables (board independence; β = 0.326, t=3.068 at $p<0.01$, board accountability; β = 0.210, t=2.693 at $p<0.01$; audit committee; β = 0.194, t=2.293 at $p<0.05$, financial disclosure; β = 0.318, t=3.891 at $p<0.01$ significantly influenced financial performance of SACCOs in Trans Nzoia County (dependent variable).

In this regard, the study's final multiple regression equation is;

(v) $y = 0\text{-}.475 + 0.326X_1 + 0.210X_2 + 0.194X_3 + 0.318X_4$

Where;

y= financial performance of SACCOs in Trans Nzoia County.

X_1= board independence

X_2= board accountability

X_3= audit committee

X_4= financial disclosure

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	-.475	.394		-1.206	.230
	Board independence	.326	.326	.252	3.068	.003
1	Board accountability	.210	.078	.197	2.693	.008
	Audit Committee	.194	.085	.188	2.293	.023
	Financial disclosure	.318	.082	.259	3.891	.000

a. Dependent Variable: financial performance

From the findings presented in Table 8, we look at the model results and scan down through the unstandardized coefficients B column. All Corporate Governance practices had significant effect on the financial performance. If Corporate Governance practices are held at zero or it is absent, the financial performance would be -0.475, p=0.230. Though be negative but insignificant.

Multiple regression coefficients results indicate that board independence practice significantly determined financial performance of SACCOs in Trans Nzoia County (β = 0.326 at $p<0.01$). The results indicate that one unit improvement in board independence will lead to 0.326 improvement in financial performance of SACCOs in Trans Nzoia County when other factors in the model are controlled. These findings compare favorably with Waithaka (2014) who revealed that in the banking sector, board independence affected financial performance. The net profit and number of executive directors were significantly correlated. Manini and Abdillahi (2018) indicated that board characteristics constructs including board independence had significant effect on listed manufacturing and allied firms' financial performance. Further, using a cross-sectional survey Mandu (2010) discovered that the structure of audit committees has no impact on a company's success. Fuzia, Julizaerma and Halima (2016) discovered that although service sector companies had the highest proportion of independent directors, this did not guarantee improved firm performance. When manufacturing companies pursue a cost-savings approach rather than an innovative one, board independence significantly improves performance.

Multiple regression coefficient results indicate that board accountability practice significantly determined financial performance of SACCOs in Trans Nzoia County (β = 0.210 at $p<0.01$). The results indicate that one unit improvement in board accountability practice will lead to 21.0% improvement in financial performance of SACCOs in Trans Nzoia County when other factors in the model are controlled. These findings compared favorably with Al-ahdala, Alsamhib, Tabashc and Farhand (2019) who found out that board accountability (BA) has little influence on the firm’s performance as assessed by ROE and Tobin's Q. Amartey, Yu, and Chukwu-lobelu (2019) demonstrated a shift towards stakeholders and a preference for a shareholder approach to accountability among the directors of Ghanaian listed banks. They claimed that the appointment of highly qualified individuals to the board, national implementation of mandatory code of corporate governance, the frequent rotation of external auditors, and the requirement that non-executive directors stand for re-election more frequently can all improve board accountability.

Multiple regression coefficient results indicate that audit committee does not significantly determine the financial performance (β = 0.194 at $p<0.05$). The results indicate that one unit improvement in audit committee will lead to 0.194 units improvement in financial performance of SACCOs in Trans Nzoia County when other factors in model are controlled. The results are supported by Mbobo and Umoren (2016) who demonstrated that the QFR in Nigerian banks is highly influenced by the audit committee's size independence, meeting attendance, and possession of a written charter. Mwangi (2018) found a statistically significant association between quality of financial reporting and audit committee's independence, diversity, financial knowledge, and meetings. Amer (2016) revealed that audit committee independence, frequency of meetings and financial expertise influences firm performance significantly and positively, while the size of the audit committee is significantly negatively correlated with firms' performance.

Multiple regression coefficients results indicate that financial disclosure has significantly determined financial performance of SACCOs in Trans Nzoia County (β = 0.318 at $p<0.01$). The results indicate that one unit improvement in financial disclosure will lead to 0.318 units improvement in financial performance of SACCOs in Trans Nzoia County when other factors in the model are controlled. The results are supported by Kendi (2015) noted that voluntary financial disclosures are a significant predictor of financial performance. As such, voluntary disclosures account for 63.5 percent of variation in the financial performance of NSE-listed companies. Further, this study found that forward looking disclosures account for the largest proportion of variations in financial performance followed by, social environmental and board disclosures, then by financial information and lastly general corporate and strategic disclosures. Musyoka (2017) found a strong and positive association between financial policy disclosures, investment policy disclosures, financial liquidity, research and development, sales growth and firm performance. Mutiva (2015) revealed a negative relationship between voluntary disclosure of financial information and ROI.

CONCLUSIONS AND RECOMMENDATIONS

In regard to board independence, the study concluded that board independence significantly affected financial performance of SACCOs in Trans Nzoia County. Therefore, the first null hypothesis was rejected. Non-executive members were found to have a significant influence on decision-making processes within the board of directors. This highlights their importance in providing diverse perspectives and enhancing governance practices within SACCOs.

The study also concluded that board accountability significantly determined the financial performance of SACCOs in Trans Nzoia County. Therefore, the second null hypothesis was rejected. Board of directors in SACCOs took responsibility for all organizational operations. This highlights the board's overarching role in strategic oversight and decision-making, ensuring accountability for organizational performance.

The study also concluded that audit committee significantly determine the financial performance of SACCOs in Trans Nzoia County. Therefore, the third null hypothesis was rejected. organizations ensure that most audit committee members are independent directors. This indicates adherence to governance best practices aimed at ensuring impartial oversight and decision-making within SACCOs in Trans Nzoia County. The consistent use of internal auditors in financial operations within organizations was highlighted. This practice suggests robust internal control mechanisms and adherence to auditing standards to ensure transparency and accuracy in financial reporting.

Lastly, the study concluded that financial disclosure significantly affected financial performance of SACCOs in Trans Nzoia County. Therefore, the fourth null hypothesis was rejected. financial reports in their organizations present the actual financial position of the organization. This indicates a high level of confidence in the accuracy and reliability of financial reporting practices within SACCOs in Trans Nzoia County. Investors were reported to be consistently satisfied with the investment reports issued by the institution. This suggests effective communication and transparency in conveying investment performance and strategies to stakeholders.

SACCOs in Trans Nzoia County should consider increasing the independence of their boards. This can be achieved by recruiting more independent directors who bring diverse expertise and perspectives without being affiliated with the organization's management. Provide continuous training and development programs for board members, especially non-executive directors, to enhance their governance skills, understanding of industry trends, and regulatory compliance. This can further strengthen their ability to contribute effectively to decision-making processes.

SACCOs in Trans Nzoia County should prioritize and enhance board accountability mechanisms. This includes clearly defining roles, responsibilities, and expectations for board members regarding compliance with laws, operational oversight, and performance assessment. Implement transparent reporting mechanisms to stakeholders, including members, regulators, and the community, regarding board decisions, performance assessments, and organizational compliance. Transparency fosters trust and confidence in SACCO governance.

SACCOs in Trans Nzoia County should continue to prioritize and enhance the independence of their audit committees. This includes appointing more independent directors to the committee to strengthen oversight and reduce potential conflicts of interest. Maintain and support the role of internal auditors in financial operations. This involves providing necessary resources, independence, and authority to internal auditors to perform their duties effectively and contribute to organizational transparency and risk management.

SACCOs should continue to prioritize accuracy, transparency, and completeness in financial reporting. This includes adopting robust accounting standards, ensuring timely reporting, and providing clear explanations of financial results and positions to stakeholders. Ensure that investment reports are consistently clear, factual, and free from exaggeration. This enhances investor confidence and trust in the SACCO's investment strategies and performance.

Areas for further research

The study investigated effect of Corporate Governance practices on financial performance of SACCOs in Trans Nzoia County. Future studies can also be conducted linking Corporate Governance practices with other aspects like operational performance aside from financial performance. The study factored four corporate Governance practices; Board Independence, board accountability, Audit Committee and financial disclosure. Other studies can focus on integrity and ethical practices. This study recommends further studies to be conducted taking a relatively larger sample size of more than 100 respondents. This can increase the significance level of statistical tests such as Pearson and Regression Analysis. This can be achieved by focusing not only in one county but all 47 counties in Kenya.

REFERENCES

Aminatu, M. (2015). The Impact of Integrated Financial Management System on Economic Development: The Case of Ghana. *Korea Review of International Studies*, 5(5), 61-80.

Ammons, D. N. (2007). Performance measurement: A tool for accountability and performance improvement. *County and municipal government in North Carolina*, *16*(4), 1-12.

Babbie, E., & Mouton, J. (2001). The practice of social research: South African edition. *Cape Town: Oxford University Press Southern Africa*.

Bailey, C. (1996). Resource dependency and development options in coastal Southeast Asia.

Barclay, D., Higgins, C., & Thompson, R. (1995). *The partial least squares (PLS) approach to casual modeling: personal computer adoption ans use as an Illustration*.

Ghosh, A. K., & Jena, P. R. (2009). Strengthening Financial Management Systems. *National Institute of Public Finance and Policy, New Delhi*.

Goodhue, D. L., & Thompson, R. L. (1995). Task-technology fit and individual performance. *MIS quarterly*, 213-236.

Hadley, S., & Miller, M. (2016). PEFA: What is it good for. *The role of PEFA assessments in public financial management reform*.

Harelimana, J. (2017). Impact of integrated financial management information systems on performance of public institutions in Rwanda. *Enterprise Risk Management*, *3*(1), 38-51.

Hawo, C. M. (2015). *The effect of integrated financial*

Laizer, E. G., & Suomi, R. (2017, September). Evaluation of Integrated Financial Management Information System (IFMIS) in Malawi. In *ECISM 2017 11th European Conference on Information Systems Management* (p. 139). Academic Conferences and publishing limited.

Lamba, S. (2018). *Effects of IFMIS Practices in Public Finance Management Performance: A Case Study of Kenya Power and Lighting Company* (Doctoral dissertation, United States International University-Africa).

Approaches, Nairobi: African Centre Technology Studies press (ACTS).

Muigai, E. K. (2012). *The effect of integrated financial management Information systems on the financial management of public sector in Kenya: A case of the Kenyan Ministries* (Doctoral dissertation).

Muiruri, N. M. (2018). *Effect of Integrated Financial Management Information System on the Effective Management of Public Funds in County Governments: A Case of Kiambu County* (Doctoral dissertation, United States International University-Africa).

Muita, P. N., & Karanja, N. (2018). Effect Of Integrated Financial Management Information System (Ifmis) On Success Of Public Sector Budgeting Process In Kenya. *International Journal of Engineering Technologies and Management Research,* 1(9), 12-19

Owuor, C. O. (2018). County Funds, Delays in Procurement Process, and Budget Absorption in County Governments in Kenya. *International Journal of Corporate Finance and Accounting (IJCFA)*, *5*(2), 27-41.

Oyinlola, Folajin and Balogun (2017) “Effects Of Integrated Financial Management Information System On Performance Of Public Sector In Nigeria.” *International Journal of Engineering Technologies and Management Research,* 4(7), 32-39

Pettijohn, C. D., & Grizzle, G. A. (1997). Structural budget reform: Does it affect budget deliberations?. *Journal of Public Budgeting, Accounting & Financial Management*, *9*(1), 26.

Radha, B., & Shree, A. B. (2017). A Study On Corporate Valuation On Selected Indian Firms. *Indian Journal of Commerce and Management*, *3*(6), 56-66