GOVERNANCE PRACTICES OF MFI'S IN KENYA

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ABSTRACT

This study was conducted with the objective of establishing the level of governance awareness and practices of Micro Finance Institutions in Kenya. A World Bank review on corporate governance (2000) observes that major corporate failures are often the result of incompetence, fraud, and abuse of power and responsibilities and that only through an improved system of governance can organizations address these issues.

The objectives of the study are outlined below:

(a) To establish and document the current governance practices in MFI’s in Kenya.

(b) To establish the level of awareness on effective Institutional Governance in MFI’s in Kenya and to suggest guidelines for implementation.

A census of the population was taken. Majority of the MFI’s were either located or headquartered in Nairobi.

The analysis of the data is presented in two stages. The first stage presents the data on the awareness of governance issues. The second presents data on actual practices of MFI’s with regards to governance. The data from the completed questionnaire was summarized and presented in tables and percentages.

Out of a population of 60 MFI’s presented in Kabiru’s compilation of 1987, 35 MFI’s responded. This gave an overall response rate of approximately 60%.