

**CORPORATE GOVERNANCE AND FINANCIAL VIABILITY IN
DEPOSIT TAKING SAVINGS AND CREDIT COOPERATIVES IN
KISII REGION, KENYA**

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DECLARATION

I declare that this research project report has not been presented elsewhere for purposes of a degree examination or otherwise and that it is my original work.

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D61/77775/2015

Signature

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DEDICATION

I dedicate this research project report to Deswart my Wife and Kelsy my daughter who have been very helpful to my course and for their endless encouragement. God bless you.

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ACRONYM AND ABBREVIATION

ATMs	Automated Teller Machine
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
DTS	Deposit Taking SACCOs
FOSA	Front Office Service Activity
KUSCCO	Kenya Union of Saving and Credit Cooperative Organization
SACCO	Savings and Credit Cooperatives
SASRA	Sacco Society Regulatory Authority
WOCCU	World Credit Council Unions
ANOVA	A Variance Analysis
NEDs	Non – Executive Directors

ABSTRACT

Corporate governance entails agreed methods and arrangements for monitoring and directing an organization. This research considered four models associated to corporate governance viz; agency, stewardship, political and stakeholder. The association between corporate governance and firm viability has become a major emphasis in the study of corporate governance, but one cannot forecast more on the direction because previous research show varied outcomes. This study tests the association between corporate governance and financial viability of the deposit taking SACCOs in Kisii Region in Kenya. The objective of this research was to investigate the association between corporate governance and financial viability of SACCOs within Kisii Region in Kenya. This study problem was researched using cross sectional survey. The populace of concern for this study was all 5 deposit taking SACCOs operating in Kisii Region in Kenya encompassing Kisii and Nyamira Counties. The study adopted a census method. The study obtained secondary data from annual audited financial reports (five years 2011 to 2015) for purposes of analysis. Data was analyzed by descriptive statistics mean and correlation. Financial viability was estimated by operational self sufficiency, return on assets, and return on equity to portfolio yield as well as Debt to Equity ratios. The use of the Pearson's correlation between the variables showed a positive insignificant association with operational self sufficiency, return on assets and return on equity while negative and insignificant association was exposed between independent variables with yield and debt to equity ratio. However, non-executive directors showed significant positive association with return on equity with $r=0.987$, $p<0.01$. The study recommended that the SACCOs' board composition in terms of business skills and education qualifications be diversified to ensure their expertise is complemented for financial viability of savings and credit co-operatives in Kenya. More so, the SACCOs' should increase the qualifications requirements and competency of those individuals involved in the leadership of SACCOs in Kenya.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The word “corporate governance entails agreed administration policy in directing firm decisions. It constitutes a policy to control the dealings among shareholders, management as well as stakeholders” (Ching et al 2006). Financial viability refers to the ability of an entity to achieve the set objectives in fulfillment of its mission over the long term (Ashley & Faulk, 2010; Jorgensen et. al., 2011). Financial viability is backed by good corporate governance. Good corporate governance prevents firm’s liability in terms of financial failures (Bhagat & Jefferis, 2002). It has been observed that better governed companies’ raises their financial viability. Demsetz and Villalonga, (2002), suggest that ‘good corporate governance help to strengthen the foundation of the firm’s viability’.

Relevant theories on corporate governance emphasize on increasing the profits of the organization and in return the value of the shareholders. This study is anchored on four theories namely; agency (Eisenhardt, 1989), Stewardship (Preston, 1995; Donaldson, 1990), Stakeholders (Clarkson, 1995) and Political (Hawley and Williams, 1996). The theory of agency is mainly concerned with the development of procedures to eliminate or minimize the conflict of interest among shareholders and managers. Stewardship Theory is used to distinguish the implication of agency theory implied to the notion of financial viability. Stewardship theory posited that the manager is fundamentally responsible to all individuals’ decisions. On the other hand, supporters of political theory argue that boards enlarged out of political favor end up with highest percentage of external directors which hinders financial viability.

The Cooperative movement is a major player in the mobilization of private savings and investments that are critical in the achievement of a desirable economic growth. SACCOs are managed via elected board. The board is entrusted with the management of societies on behalf of members, employs management staff to carry out the daily tasks of the societies. Most problems facing SACCOs arise from bad governance and poor economic management. This is due to their inability to establish proper governance systems (Branch and Baker, 1998). Presently the world is moving towards good corporate governance approach and SACCOs are no exception. The financial viability of the SACCOs is greatly affected by its governance practices through committees to directors to CEOs to other stakeholders. The condition is acceptable if SACCOs have to remain commercially viable to sustain enterprise's economic expansion which must embrace good corporate governance.

1.1.1 Concept of Corporate Governance

Corporate governance is an arrangement that spells out guidelines plus systems aimed at making decisions on corporate affairs to provide structures under which the goals of the firm are fixed as well as the ways or strategies of attaining viability. Management defines corporate government as adoption of accountability to any responsibility following the company's financial viability (Ajogrou, 2007).

In the United States of America, Regulators and governance advocates posit that price of stocks is the end of business stalwarts as Adelphia, Enron, Parmalat, Tyco, and WorldCom whose failures is due to poor authority of the company's management. For this argument to be true, a market premium must avail (Gompers et al., 2003).

Corporate governance is good if it focuses on the protection of members' rights and ensures equity stability in cooperative societies by safeguarding their interest (Kahan & Rock, 2003). The cooperative assures shareholders with certainty of getting back their investment since capital production is highly specific and one off. Opportunism in the form of estimation of business invested and misuse of cooperative resources has been identified as the vices that lessen resources that investors are willing to give to finance the firm (Williamson, 1985).

Good corporate governance protects a firm against monetary risk related to future financial difficulties (Bhagat and Jefferis, 2002). This study noted that the governance structure to whichever organization distresses the business's capability to react to external environment that affects its financial viability (Donaldson, 2003). Consequently corporate governance is therefore core to firm's financial viability. Demsetz and Villalonga (2002), suggest that full implementation of corporate governance to pull toward increases money to be invested so as to strengthen the base of financial viability in the business.

1.1.2 Concept of Financial Viability

Financial viability refers to the ability of an entity to go on to attain its objectives to fulfill its mission for a longer period (Ashley and Faulk, 2010; Jorgensen et. al., 2011). Financial viability refers to the financial situation of a company that creates prerequisite stable favorable revenue to expenses ration, optimal utilization of resources, with continuous replication method in the financial circumstances that impact in-house and outside factors (Zhevak, 2006). Financial viability is the ability of an entity to continue a defined behavior indefinitely (Filene, 2011). In the face of increasing complexity and commotion in the environments of organizations, the

concept of viability has gained importance. It is the ability of the firm to maintain its independent existence (Beer, 1979).

Study by Pollet and Develtere (2004) concluded that in viable cooperatives, governance matters are vital in bringing together the dissimilar associative and business forces at play in a cooperative society. Institutional viability is measured by operational self-sufficiency which is the ratio of total revenues to total expenses, return on asset given by operating profit over average total assets. The return on equity is given by the ratio between operating profits to average amount in share capital whereas portfolio yield is given by dividing income from lending by average outstanding portfolio and debt-to-equity is determined by dividing borrowed funds by amount in share capital including grants.

1.1.3 Corporate Governance and Financial Viability

The financial viability of the SACCOs is greatly affected by its governance practices which are attributed to its committees to directors to CEOs to other stakeholder (Bhagat, 2002). Good corporate governance protects a firm from vulnerability in the vision of financial difficult (Bhagat and Jefferis, 2002). MOCMD, (2008) indicated that there exist opportunity for misconduct of insufficient commitment by stakeholders; elections are not true and fair and inadequate board membership business education; insufficient internal and external checks / internal controls both internal and operational. In their study Pollet and Develtere (2004) concluded that in viable cooperatives, governance matters are vital in bringing together the dissimilar associative and business forces at play in a cooperative society. It is frequently contingent that agency evils greatly trouble cooperative societies. In addition, a political affiliation of a board member in a cooperative is reported to be a significant problem in several cooperatives and it is observed that board membership in a

cooperative can lead to a political appointment. Good corporate governance contributes to the good will and creates confidence to an investor. Also a badly ruled company does not break even. Claessens et al. (2002) observes that improved corporate framework brings on board enormous gains such as increased access to cheap funds, improved viability as well as favourable handling of all related stakeholders.

1.1.4 SACCOs in Kenya

Cooperatives are self governing associations of people voluntarily combined to convene common economic goal in relation to cultural needs and aspirations through democratic process. The crucial concept for a cooperative society is to pool scarce resources, abolish brokers as well as attain common interest (Ministry of trade, cooperatives and development, 2007). The SACCO industry is one of the cooperative financial systems in Kenya, which has up lifted the lives of many disadvantaged Kenyans over the years. SACCOs have recorded positive growth and at present achieved over Kshs.6 Billion in deposits and assets. This cooperative is shaped to give employment vacancies to Kenyans, thus government make efforts of achieving the goals of Vision 2030.

Historically cooperative practice started by people organizing themselves into useful groups to communally graze their herd, build house as well as to hunt together. Modern cooperatives began in 1844 within the boundaries of the Great Britain and since then their philosophies are practiced worldwide (KLB, 2003). The first cooperative society in Kenya was known as Lumbwa cooperative savings and credit cooperative society whose founders were European Farmers dating back in 1908 mainly to support farming activities as well as farm products to gain economies of

scale (KUSCCO, 2006). In 1931, cooperative societies ordinance became law and cooperative societies started being registered formally as cooperatives.

The Sacco sub sector is a two-tiered. The first is known as non-deposit taking Saccos registered and supervised under the Cooperatives Service Act, CAP 490 of the Ministry of Industry, Trade and Cooperatives. On the other hand, the the other is called Deposit Taking Saccos regulated under the Sacco Societies Act of 2008. At the beginning SACCOS start as non deposit taking SACCOS before rising to become deposit taking cooperative societies. In Kenya SACCOS have grown tremendously and currently have about 5.4 Million members with mobilized savings of 3.5 billion and Credit of 4.5 billion loans (WOCCU Annual Report, 2015). SASRA has licensed 181 SACCOS as deposit taking SACCOS with 3 million members, mobilized Kshs.230 million in savings and granted loans to a tune of Kshs.184 million. The most common types of cooperatives in Kenya include but not limited to; savings and credit cooperatives, accommodation cooperative to consumer transport in marketing horticulture and handcraft.

1.1.5 : The Savings and Credit Cooperative in Kisii

Cooperative activities are found in all the sub counties in Kisii region in Kenya encompassing rural and urban SACCOS, Women Saccos, Juakali Societies and the most recently registered Transport (matatu) Saccos.

Currently there are 221 registered Societies with a membership of at least 329, 687. Out of the 221 SACCOS, 5 are licensed and supervised by SASRA. The SACCOS have played the key function of financial risk intermediation. Presently cooperatives in this region have mobilized deposits in savings of over Kshs.1.2 billion while granting credit of over 3.3 shillings.

Most of the problems facing SACCOs arise from bad governance and economic management which are attributed in committee and director to CEOs to other stakeholder in the firm (Ching et al, 2006). Most SACCOs in this region have collapsed due to issues related to ever weakening governance structures and practices. For instance Ogembo Sacco Society Limited in Kisii County collapsed due to low viability caused by corruption, unsustainable external borrowings and financial mismanagement whereas Nyamira Tea Sacco Society Limited in Nyamira County has been placed under restricted operational conditions by SASRA because of bad governance threatening the wealth of the shareholders (The Sacco Supervision Annual Report, 2015). SACCOs must remain commercially viable to sustain enterprise's economic expansion which must embrace good corporate governance.

1.2 Research Problem

The study by Brown and Caylor (2004) indicated that a company with better corporate governance has higher viability. The association between corporate governance and viability is popular in financial studies, but one cannot for sure determine its locus as prior literature review indicates mixed reaction. Both Jensen and Meckling (1976) also agreed that well ruled organizations results to improved viability. Klapper and Love (2003) contend that firms with good control have higher viability. On the other hand Gompers et al. (2003) found out that the association between corporate governance and viability is insignificant. Eisenberg et al. (1998) further found negative correlation between board composition and viability. Other studies by Wen (2002) and Abor (2007) reported positive correlation between number of board members as well as financial leverage and viability. They noted that large boards with more supervision can gain more financial leverage to increase worth of the firm.

Organizational governance is highly regarded worldwide in the finance research and quite a number of those studies have sought to examine the link between corporate governance and financial viability (Heracleous, 2001) among them is Berglof and Thadden (1999). Most of the researches have not established a clear association. A study by Becht et al., (2002), for instance, shows that corporate governance positively influences the viability of the organization. Whereas MacAvoy and Millestein (2003) found that board composition does not have any effect on viability. Adeusiet al (2013) found out that the number of executive directors, whether big or small does not make any better the performance of banks in Nigeria.

In their study on corporate governance and financial viability for SACCOs in Kenya, Maundu, 2016 and Ong'ondo, 2015 found out that there was a connection between corporate governance practices on financial viability. They also found out that there was a positive relationship between board members and firm's financial performance. In his study, Jebet (2001) found that corporate governance norms were positively correlated to the performance of the companies. Ekadah & Mboya, (2009) showed that the viability of commercial banks in Kenya is not affected by the diversity of the composition of the board.

Therefore, it is not clear the exact link between corporate governance and viability in SACCOs as both local and international researches show varied results. It is because of this that this study seeks to fill knowledge gap by instituting the link between corporate governance along with financial viability of the deposit taking SACCOs in Kisii Region in Kenya.

Deposits taking SACCOs are prerequisites for savings mobilization among low earning households with limited access to normal banks' products and services.

Deposit-taking SACCOs have a unique advantage in that their clients are also shareholders. Good corporate governance in these SACCOs would ensure better financial viability (Bhagat and Jefferis, 2002).

1.3 Objective of the study

The objective of this study was to explore the association between corporate governance and financial viability of SACCOs in Kisii Region, Kenya.

1.4 Value of the Study

This study will add or contribute to the theory of knowledge to corporate governance in Kenya. It will stimulate perspective researchers to replicate this study in other sectors of the economy.

Through this study management would identify how various aspects of cooperative governance practices affect the financial viability of SACCOs in Kenya. They would also identify and impediments SACCO during the social orderinsidefutureof variety of corporate control practices that affect their financial viability.

Authorities of societies like ministry of cooperatives can use the knowledge of the study in coming with up regulatory framework in cooperatives in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Chapter Introduction

This chapter reviews concepts in corporate governance and explores theoretical review in regard to financial viability.

2.2 Theoretical Review

This section covers in detail the theories anchored in this research. It embraces hypothetical descriptions of the variables and their associated models. This study considered four theories namely; agency, stewardship, political and stakeholders.

2.2.1 Theory of Agency

Agency Theory was propagated by Eisenhardt (1989). Application of Agency theory was to treat the interests of owners and top managers as one. But this is not the case in most incitances because conflict of interest exists among members and management (Fama and Jensen, 1983). Therefore, theory of agency is mainly concerned with the alignment of the shareholders' interests and management (Fama and Jensen, 1983; Fama, 1980).

Corporate governance in form of agency hypothesis is to design sufficient controls to defend shareholders from top or senior management's conflict of interest which can result to agency costs in modern capitalism (Fama, 1983). The Agency theory promotes a normative suggestion that boards should encompass the majority individuals from outside to improve an ideal world of independent directors. The managers can be able to observe self interest proceedings as given by directors. The results of agency monitoring leads to improved governance in that there is minimized chance for managers to chase their self interest leading to lower agency costs and increased profits and returns.

2.2.2 Theory of Stewardship

Theory of stewardship is used to distinguish the implication postulated in the theory of agency implied to the notion of financial viability. Stewardship theory posited that the manager is fundamentally responsible to all individuals' decisions regarding the financial assets entrusted to them (Donaldson and Davis, 1994). The supporters of this theory argue that optimum decisions are associated with higher numbers of internal directors as they work to make optimum profits for members. This is for the reason that inside directors know the company well, rule better as well as to be able to make better management decisions (Donaldson and Preston, 1995). Proponents of stewardship as well contend that official directors will not work against members' interests to avoid bad reputation (Donaldson and Davies, 1994).

2.2.3 Theory of politics

Theory of politics introduces another way of coming up with a voting block from members, rather than by purchasing voting power. Therefore, corporate governance is political in nature and contains political power that may visionalise corporate governance inside an institution (Abdullah and Valentine2009). The use of community interest is greatly reserved by the government as a participant in decision making with regard to cultural impediments (Pound 1993). The political theorists observe that the distribution of commercial power in terms of profits as well as privileges is determined by means of the government good turn. Over the last decades, governments have had a strong political effect on the governance of firms and as a result politics entered into their governance structure (Hawley and Williams, 1996).

2.2.4 Theory of Stakeholders

It emphasizes when making managerial decisions the interests of all investors should be taken into account without any dominance from amongst them. The proponents of this theory contend that all managers within organizations should be able to encompass a system which includes suppliers, workers and company partners. The company is a system where the presence of investors supplement the role of the firm in creating value for its shareholders (Clarkson, 1995). These relations become complex over time thereby affecting firm's decision making process and its end result with investors (Freeman, 1984).

2.3 Corporate Governance

There has often been significant confusion within governments as well as international donor agencies about the nature of SACCOs as viable financial organizations. The uncertainty concerning profit making of savings and credit cooperatives results from the different ways in which profits are distributed as well as the conversation of over and over again used to encourage the viability within cooperative societies. These oratories ignore the effect of person self interest which frequently to motivate the relationship of savings to the credit cooperative (Garon, 2000).

Governance in most SACCO is concerned with the financial procedures, choice, answerability, mechanisms and organizations' performance. It shows the communication in the midst of those people and groups, which make resources available to the organization as well as contribute to its financial viability such as shareholders to employees to creditors long term suppliers including subcontractors (Brownbridge, 2007).

The Improvement of management and administration of many organizations is essential if the efforts to halt corruption and other various irregularities to attain desired results. The necessary legal framework is essential to elaborately describe the functions of board members and the chief executives of such institutions as well as responsibilities of each level of governance (Clarkson, 1995).

Savings and Credit Cooperative system is used to improve the history of instability in the sector (Government of Kenya Annual report, 2007). Competent external regulation is used to avoid common problems cooperatives. SACCOs are frequently supervised by the same government for all type of non financial cooperatives. Such arrangements in most cases do not encompass the requisite financial skills as well as political independence necessary to oversee financial intermediaries effectively. Though Fama and Jensen (1994) contend that the composition of the board depends on the most excellent combination outside and inside directors with requisite competency and profession qualifications, there is no hypothesis to determine the optimal diversity in such boards. This study therefore, seeks to review the association between corporate governance and financial viability with a focus on the composition of board, number of non-executive directors and Leadership.

2.3.1 Composition of the Board

Business skills affects corporate governance of SACCOs especially when unskilled and corrupt leaders are elected to the cooperate committees (Baysinger and Butler, 1985).

When the number of outside directors in an organization increases viability also increases (Baysinger and Butler, 1985). Studies by Wen et al. (2002) and Abor (2007) both reported evidence in support of a positive association between the number of

board of directors and viability. They argued that large boards with sophisticated monitoring capability pursue higher leverage to increase the firm's viability.

2.3.2 Number of Non-Executive Directors

Larger numbers affects corporate governance since coordination efforts are hindered and duplication of roles arises (Eisenberg, 1989).

The emphasis on members of the board autonomy is stemmed in the theory of agency. In reality boards with a higher percentage of autonomous members of the board monitor management well (Baysinger, 1995) and in most cases sack non performing chief executives when company viability deteriorates significantly.

2.3.3 Leadership and Corporate Governance

Lack of stewardship, leaders not acting in good faith, corrupt leadership centered at self-interest affects corporate governance in organizations (Danaldson and Davis, 1991).

Election and subsequent appointment of individuals to the board should always ensure a balanced board of qualified and competent people able to add value and convey independent judgement in decision making process (Clarkson, 1995). Members of the board should not poses excessive powers. The board composition should be balanced so that it can exercise the set objectives and offer independent judgement on financial issues (CBK, 2001).

2.4 Empirical Studies on Corporate Governance and Financial Performance

In his research Brickley (1994) established a positive relation between the proportion of external members of the board and viability. But, Forsberg (1989) showed that there is no relation between the proportion of external directors and viability. In their

research Bhagat and Black (2002) found no important association between the composition of the board and financial viability. Yermack (1996) indicated that, the proportion of exterior directors do not considerably have any influence on viability.

Agrawal and Knoeber (1996) contend that boards enlarged out of political favor end up with highest percentage of external directors which hinders financial viability. Some new empirical papers have come into view to focus on the association between corporate dominance ratings with firm financial viability.

Empirical studies on the link between autonomous outside directors and viability is lacking a clear cut link. Larger number of external autonomous directors on the board improves viability (Dalton, 1994); at the same time other studies have not found any existence of a relation between independent number of non-executive directors (Hermalin & Weisbach, 1991).

Locally various researches have been conducted on the effect of corporate governance on viability. In his study Muriithi, (2004) found that the size and composition of the board of directors together with the separation of the control and management have the greatest effect on the viability. While Ngugi (2007) found that inside directors are more familiar with the firm's business and therefore can act to monitor management well in order to perceive the opportunity to take up the positions held by incompetent chief executives. On the other hand Matengo (2008) revealed that good corporate governance affect viability. He also observed that separation of ownership together with control maximizes owners' interests.

2.5 The Conceptual Framework

Conceptual framework entails the formation of an idea about showing the connection between corporate governance variables and financial viability (Mugenda, 2003). It

diagrammatically shows the connection between variables. The independent variables are the composition of the board, number of non-executive directors and Leadership. As shown in figure 1 below the effect of independent variables is linked to the dependent variable which is financial viability of SACCOs.

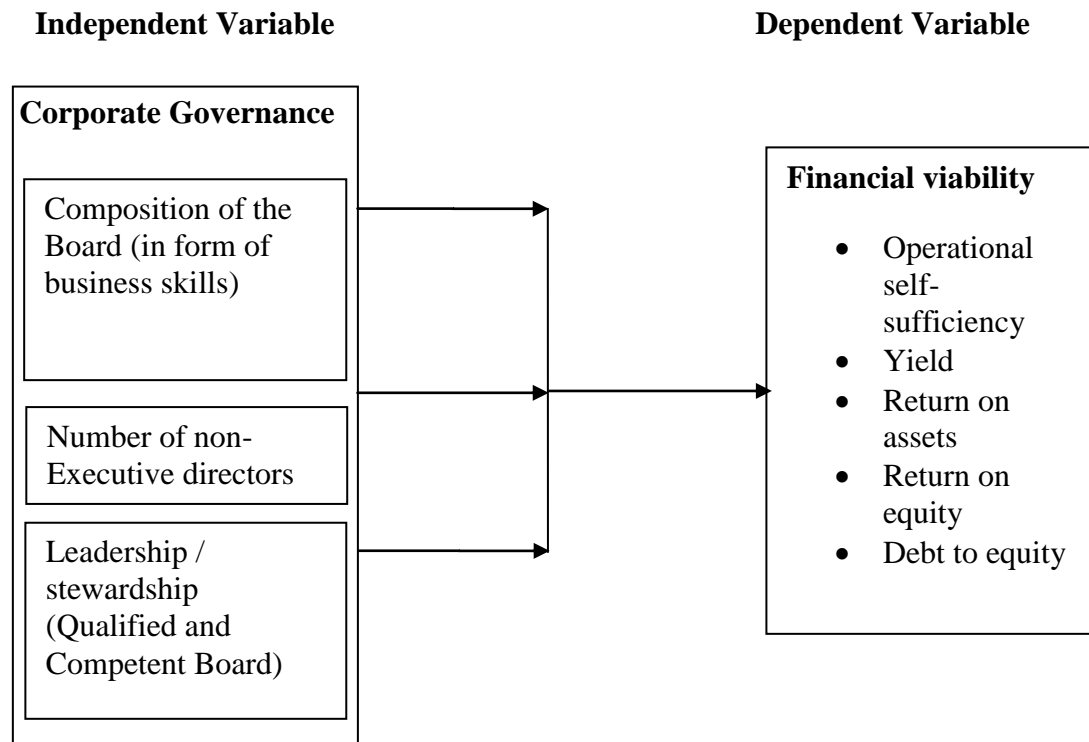


Figure 2.1 Conceptual Framework

Source Researcher (2016)

The framework showed relationship between board composition and financial viability. The more skilled the board is, the better the financial viability.

The association between the number of non-executive directors and financial viability of the SACCOs, The larger the number of non-executive directors is, the lower the financial viability of the organization.

Leadership (stewardship) in relation to financial viability of the organization, Lack of good stewardship affects the financial viability of an organization. The more the

competent people in an institution the healthier the financial viability in that organization.

Corporate governance in relation to financial viability of an organization, The good the corporate governance, the healthier the financial viability of an organization.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology used to carry out this research. This section covers research design, population, data collection procedures and data analysis and presentation.

3.2 Research Design

In this study cross-sectional design was used to look into the link between corporate governance along with financial viability of deposit taking SACCOs found in Kisii Region in Kenya by gathering monetary data of these SACCOs for five years from 2011 to 2015. This is because it describes a sample at an exact point–instance or short time hence saves time. Data was collected by use of data capture form.

Data analysis was done by use of Statistical Package for Social Sciences and Microsoft Excel. Multiple linear regression analysis was taken between individual variables and ANOVA was used to test the findings with inferential statistics to make conclusions as to whether a set of variables together can predict a given dependent variable

Tables, graphs, means, percentages and other central tendencies were used to present the findings. A correlations analysis was adopted to investigate relationships among variables.

3.3 Target Population

Target population refers to the whole group having some common observable characteristics of a particular nature distinct from other population that the researcher wishes to investigate.

The target populace for this study comprised deposit taking SACCOs in Kisii Region, Kenya which were 5, three from Kisii County and two from Nyamira County (See attached list) . In this study, the researcher used census study of the 5 deposit taking Savings and Credit Co-operatives located in Kisii region. Census is the method where every member of the population is included in the enumeration. Census method was used because the population was small and a census is more comprehensive.

Census is a count or survey of a population (Chandran, 2004). A census is used as a method of enumeration only when there is need to have information on every individual or item in the population.

3.4 Data Collection

The researcher collected data through secondary sources by use of data capture form by analyzing the annual audited financial reports of the 5 SACCOs in Kisii Region from 2011 to 2015. The variables of secondary data were total revenues, total expenditure, amount in equity, borrowed funds, total assets, portfolio outstanding, income from lending, operating profit, number of board of directors, academic qualifications and competency of the board members amongst the deposit taking Savings and Credit Co-operatives. Raw monetary data was obtained from the SACCOs' books of accounts using data capture form. Data sources were gathered by secondary data by use of document examination of audited published SACCO financial statements for five years (2011 to 2015).

3.5 Data Analysis

The raw data was edited, grouped, coded to undertake research analysis. Tables, graphs, means, percentages and other central tendencies were used to present the findings. A correlations analysis was used to test and operationalize the connection

between corporate governance and viability. Data was inferentially analyzed by use of descriptive methods. Multiple linear regression analysis between corporate governance and financial viability and ANOVA was used to test the findings with inferential statistics to make conclusions as to whether a group of variables together can predict a given dependent variable as presented in the following model:

$$\text{Financial Viability (ROE)} = -7.412 - 0.583b_1 + 1.062b_2 - 0.219b_3 + \varepsilon$$

It can be noted that the independent variable were insignificant where:

Y = Dependent variable (Financial Viability)

X1=Board Composition

X2=Number of Non-Executive Directors

X3=Leadership

Operational Self Sufficiency, Return on Assets, Return on Capital, Yield and Debt-to-Equity were the proxies for measuring financial viability and Number of Non-Executive Directors, Education and Professional qualification and competency were the proxies for measuring the variables of corporate governance namely; composition of the board, number of board members and Leadership.

The Board Composition and leadership were having negative insignificant predictive power while the non-executive directors have positive insignificant predictive power.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION AND DISCUSSION

4.1 Introduction

Raw data and its analysis are presented in this chapter. This study was quantitative in nature and used raw data gathered exclusively from the annual reports of the deposit taking SACCOs having their business in Kisii Region in Kenya. The raw data that was collected was for five years for the period 2011 to 2015. Raw data is presented first then followed with correlation and regression analysis.

4.2 Response Rate

The target population of the study was five deposit taking SACCOs in Kisii and Nyamira Counties. This study managed to get data from all five SACCOs which represent 100.0% of response rate. The data was gathered from the annual reports of those SACCOs.

4.3 Descriptive Statistics

Descriptive statistic included frequencies, minimum, maximum and average of independent variables. Business skills was proxy for board composition, qualification and competent for leadership and number of non-executive directors.

Table 4.1: Descriptive statistics for independent Variables

SACCOs Name	B. Comp (Bz Form ratio)	Competent (Frequency)	No NEC (Frequency)	Leadership (Qualification ratio)
Gusii Mwalimu	4	12	12	3.33
Wakenya Pamoja	3	4	9	1.44
Vision Point	2.44	8	9	2.33
Kenya Achievas	3	6	9	1.89
Nyamira Tea Farmers	2.44	9	9	2.44
Mean	2.9760	7.8000	9.6000	2.2860
Minimum	2.44	4.00	9.00	1.44
Maximum	4.00	12.00	12.00	3.33

The Table 4.1 indicates that the five SACCOs generated a board composition of 3.0440 on average. Each of the trade was coded from 1 to 4 then average for SACCOs was calculated. Teachers 1, farmers 2, other 3 and business people 4. The maximum being 4 and the minimum being 2.44. The average board composition is approximately 3 suggesting that most of the board members in form of business was farmers. The average competent (leadership) is approximately 8 suggesting that most of the board of the SACCOs were competent. On qualification, the qualification of each board member was coded with primary as 1, O-level 2, Diploma 3 and Bachelors 3. The average was approximately 2 implying that most of the SACCOs leadership was having O-level Education qualification. Lastly, the average Non-executive directors were approximately 10 implying that most of the SACCOs were having a lot of Non-Executive directors.

4.4 Descriptive Statistics of Financial Viability

The trends for indicators for financial viability which in this study were OSS, ROA, ROE, yield and debt to equity are as shown in Figure 4.1

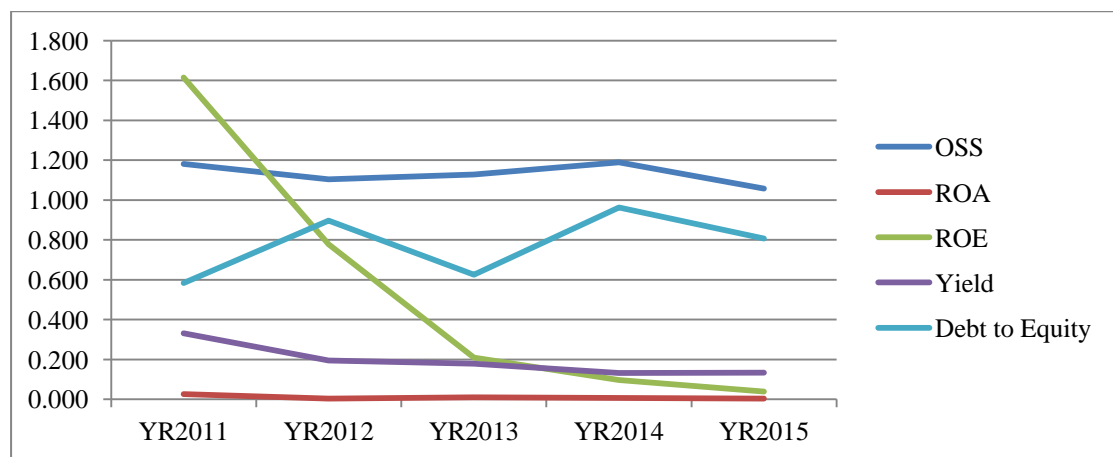


Figure 4.1: Financial Viability

The finding reveals that there has been decline in majority of indicators of financial viability used in this study over the period of 2011 to 2015. ROA, yield and ROE

revealed a decline since 2011 to 2015 while OSS and debt to equity ratio had mixed outcome of increasing then decreasing then increasing. However, the last two years has shown decline in OSS and debt to equity.

The following section presents the variables of financial viability among the five SACCOs.

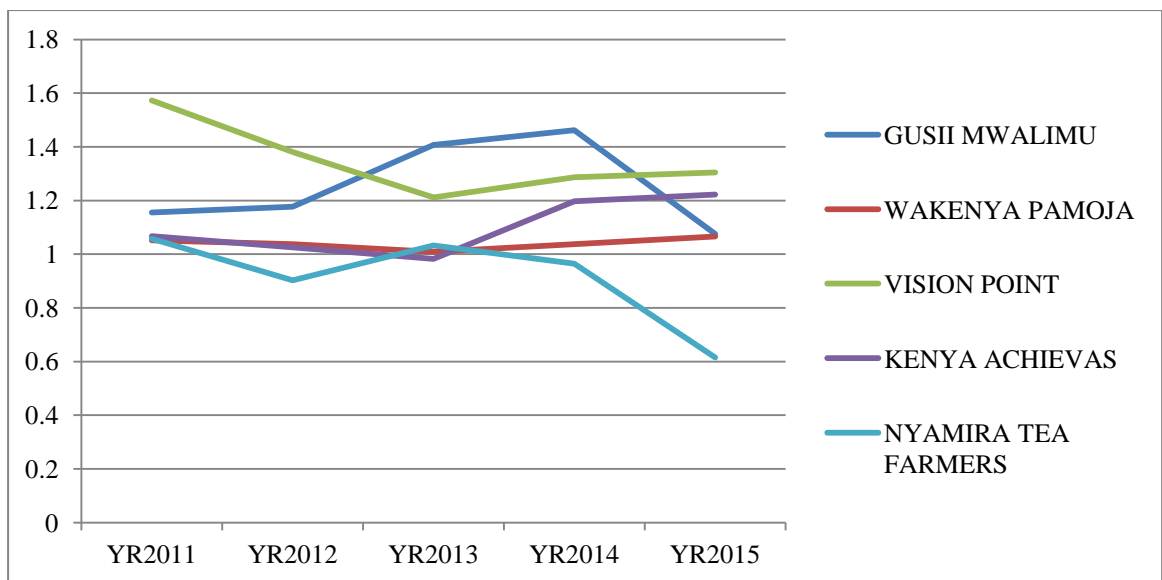


Figure 4.2: Trends on operation self-sufficiency

The Figure 4.2 shows the trend on operation self-sufficiency. SACCOs like Vision Point, Kenya Achievas and Wakenya Pamoja has the best trend on operation self-sufficiency and also showed a steady improvement over the two years. However, Gusii Mwalimu and Nyamira Tea had a declining trend over the two years.

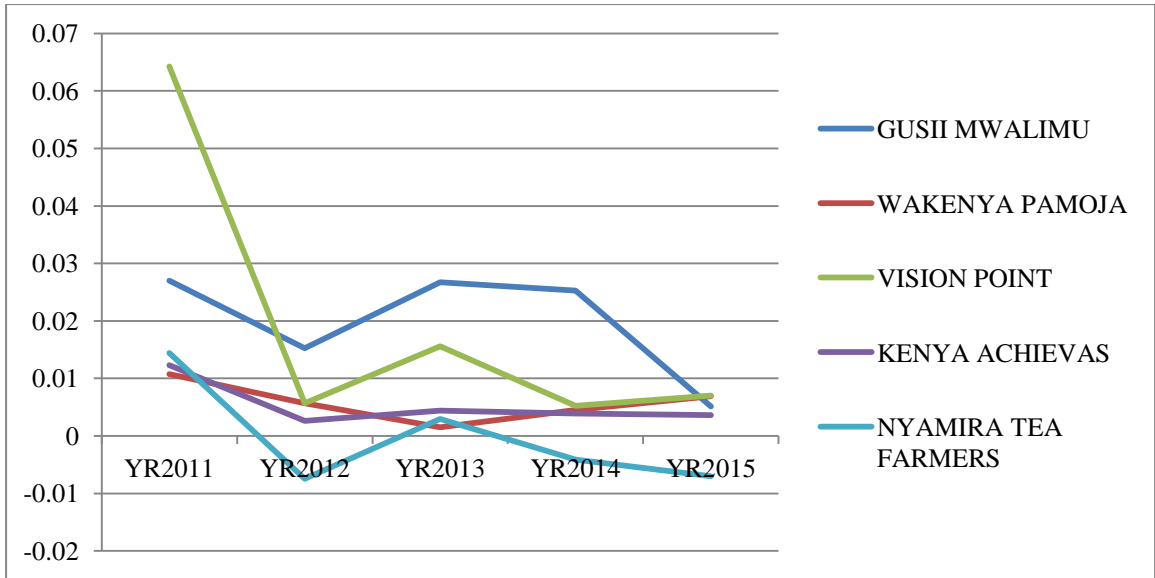


Figure: 4.3: Trends on Return on Asset

The Figure 4.3 shows the trend on return on asset. SACCOs like Vision Point, Kenya Achievas and Wakenya Pamoja has the finest trend on yield on assets and also showed a stable progress over the two years. However, Gusii Mwalimu and Nyamira Tea had a declining trend over the two years.

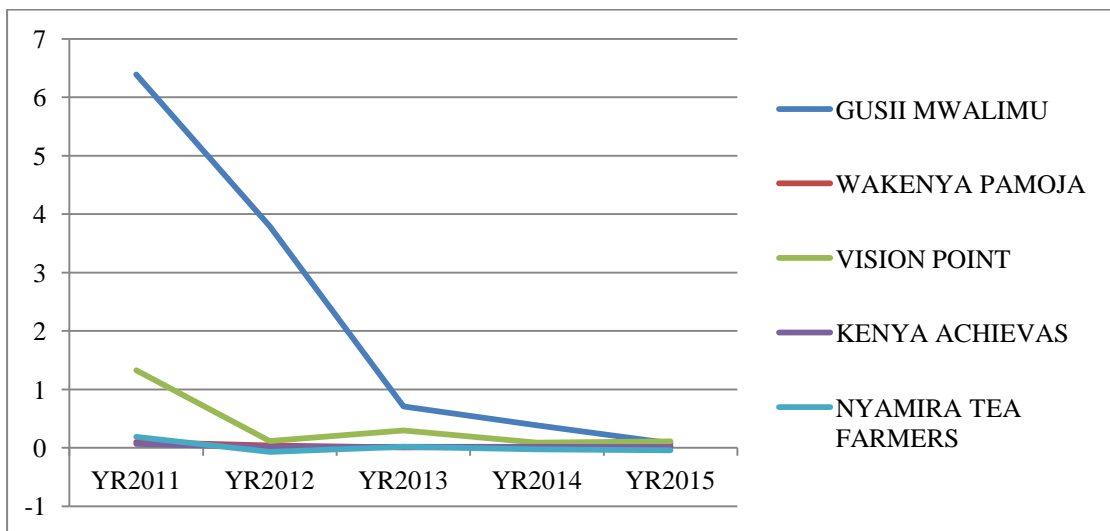


Figure 4.4 Trends on Return on Equity

The Figure 4.4 shows the finest trend on yield on equity. SACCOs like Vision Point and Wakenya Pamoja has the best trend on return on equity which showed a stable progress over the two years. However, Kenya Achievas, Gusii Mwalimu and Nyamira Tea had a declining trend over the two years.

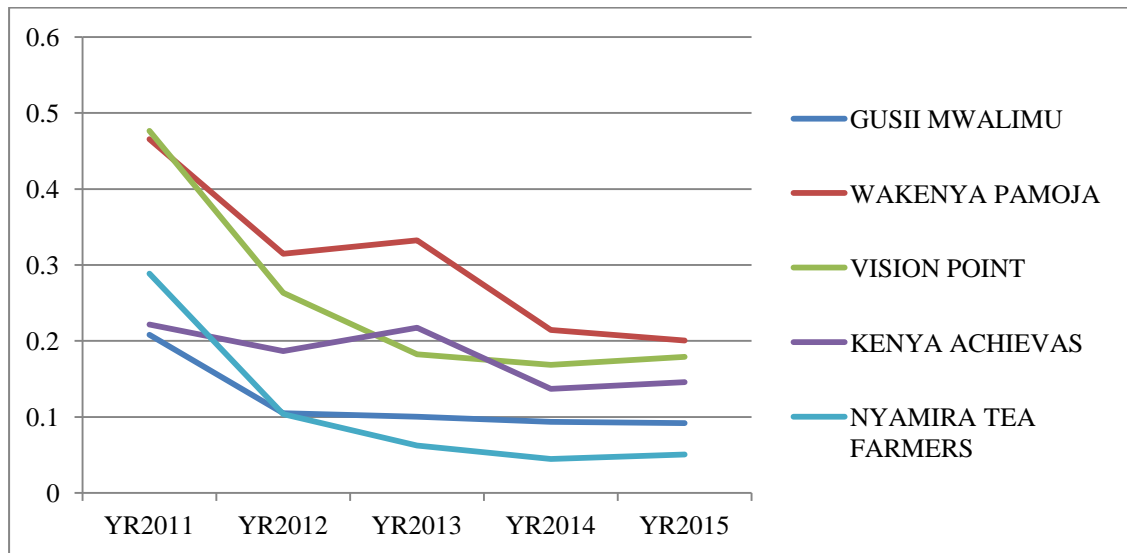


Figure 4.5: Trends on Yield

The Figure 4.5 shows the trend on yield. SACCOs like Vision Point, Nyamira Tea and Kenya Achievas has the best trend on yield and also showed a steady improvement over the two years. However, Kenya Achievas and Gusii Mwalimu and had a declining trend over the two years

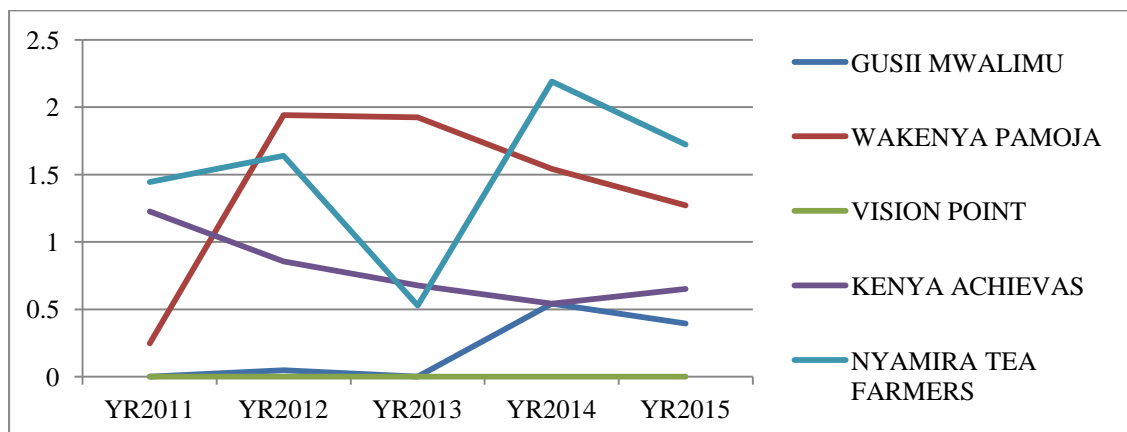


Figure: 4.6: Trends on Debt to Equity

The Figure 4.6 shows the trend on yield. Kenya Achievas has the best trend on yield and also showed a steady improvement over the two years. However, Wakenya Pamoja, Nyamira Tea Farmers, Point and Gusii Mwalimu and had a declining trend over the two years while vision point was constant

4.4 Correlation Analysis

The study sought to adopt correlation analysis to establish the association between the variables. Correlation is a statistical device which helps in the analysis of co-variation of two (or) more variables. In this study, the dependent variables are Operational self-sufficiency, yield, yield on assets, yield on equity, debt to equity. The independent variables include board composition, Number of non-Executive directors and Leadership.

4.4.1 Correlation of Operational self- sufficiency

Table 4.2: Correlation of Operational self- sufficiency

		BM	NED	Leadership	OSS
Board Composition	Pearson Correlation	1			
	Sig (2 tailed)				
	N	5			
Non- Executive Directors	Pearson Correlation	.898*	1		
	Sig (2 tailed)	.038			
	N	5	5		
Leadership	Pearson's Correlation	.519	.828	1	
	Sig (2 tailed)	.370	.084		
	N	5	5	5	
Operation self Sufficiency	Pearson's Correlation	.276	.397	.400	1
	Sig (2 tailed)	.653	.508	.505	
	N	5	5	5	5

Source: Research Finding 2016

Table 4.2 illustrates the Pearson correlation coefficient among the study variables and the study indicated that there was a weak connection between OSS at 0.276 and the board composition. The OSS has a positive association between Non-Executive directors at 0.397. The OSS and leadership show a moderate linear correlation at 0.400. This postulated the increase of one unit of a variable was linked with one unit increase in another variable thus insignificant.

4.4.2 Correlation of Return on Asset (ROA)

Table 4.3: Correlation of Return on Asset (ROA)

		BM	NED	Leadership	ROA
Board Composition	Pearson's Correlation	1			
	Sig. (2-tailed)				
	N	5			
Non-Executive Directors	Pearson's Correlation	.898*	1		
	Sig. (2-tailed)	.038			
	N	5	5		
Leadership	Pearson's Correlation	.519	.828	1	
	Sig. (2-tailed)	.370	.084		
	N	5	5	5	
Yield on Asset	Pearson's Correlation	.442	.601	.563	1
	Sig. (2-tailed)	.456	.284	.323	
	N	5	5	5	5

Source: Research Findings 2016

Table 4.3 illustrates there is a moderate positive association between the ROA at 0.442 and the board composition. The ROA has an optimistic strong relation with number of directors at 0.601. Return on Assets and the leadership shows a moderate positive linear correlation at 0.563. This postulated that the increase in one variable is linked with an augment in the other variable although the increase was insignificant.

4.4.3 Correlation of Yield on Equity (ROE)

Table 4.4: Correlation of Yield on Equity (ROE)

		BM	NED	Leadership	ROE
Board Composition	Pearson's Correlation	1			
	Sig. (2-tailed)				
Non-Executive Directors	N	5			
	Pearson's Correlation	.898*	1		
Leadership	Sig. (2-tailed)	.038			
	N	5	5		
Return on Equity	Pearson's Correlation	.519	.828	1	
	Sig. (2-tailed)	.370	.084		
	N	5	5	5	
	Pearson Correlation	.849	.987**	.853	1
	Sig. (2-tailed)	.069	.002	.066	
	N	5	5	5	5

Source: Research Findings 2016

Table 4.4 illustrates there is a strong positive association between the ROE at 0.849 and the composition of board. The ROE has a positive very strong relationship with the Non-Executive directors at 0.987. The ROE and the leadership show a strong linear correlation at 0.853. This postulated that the increase in one variable is associated with an increase in the other variable although the increase was insignificant for all the independent variable except non-executive directors.

4.4.4 Correlation of Yield

Table 4.5: Correlation of Yield

		BM	NED	Leadership	Yield
Board Composition	Pearson's Correlation	1			
	Sig. (2-tailed)				
Non-Executive Directors	N	5			
	Pearson's Correlation	.898*	1		
Leadership	Sig. (2-tailed)	.038			
	N	5	5		
Yield	Pearson's Correlation	.519	.828	1	
	Sig. (2-tailed)	.370	.084		
	N	5	5	5	
	Pearson's Correlation	-.281	-.490	-.742	1
	Sig. (2-tailed)	.647	.402	.151	
	N	5	5	5	5

Source: Research Findings 2016

Table 4.5 illustrates there is a weak negative relationship between the yield at -0.281 and the composition of board. The yield has a negative moderate relationship with the Non-Executive directors at -0.490. The yield and the leadership show a strong linear and negative correlation at -0.742. This postulated that the increase in one variable is associated with a decrease in the other variable although the change was insignificant for all the independent variables.

4.4.5 Correlation of debt to Equity

Table 4.6: Correlation of debt to Equity

		BM	NED	Leadership	DE
Board Composition	Pearson's Correlation	1			
	Sig. (2-tailed)				
	N	5			
Non-Executive Directors	Pearson's Correlation	.898*	1		
	Sig. (2-tailed)	.038			
	N	5	5		
Leadership	Pearson's Correlation	.519	.828	1	
	Sig. (2-tailed)	.370	.084		
	N	5	5	5	
Debt to equity ratio	Pearson's Correlation	-.320	-.477	-.548	1
	Sig. (2-tailed)	.600	.417	.339	
	N	5	5	5	5

Source: Research Findings 2016

Table 4.6 illustrates weak relationship between the debt to equity at -0.320 and the composition of board. The debt to equity has a negative moderate relationship with the Non-Executive directors at -0.477. The debt to equity and the leadership show a moderate linear and negative correlation at -0.548. This postulated that the increase in one variable is associated with a decrease in the other variable although the change was insignificant for all the independent variables.

4.5 Regression analysis of Independent Variables and Financial Viability (ROE)

Linear regression was conducted for each independent variable (Board composition, number of non-executive directors and leadership) and financial viability (ROE). The results are as shown in Table 4.7

Table 4.7: Model Summary and ANOVA results

Variable	R Square	Adjusted R Square	F	Sig
Board Composition	.720	.627	7.716	.069 ^b
Leadership	.727	.636	7.985	.066 ^b
Non-executive Directors	.974	.965	112.425	.002 ^b

The results revealed a coefficient of determination (r^2) of 0.627 for Board Composition. Meaning Board Composition can explain 62.7 % of the variance in financial viability of deposit taking SACCOs in Kisii Region in Kenya. The F test gave a value of $(1, 4) = 7.716$, $P > 0.05$ means Board Composition is an insignificant predictor of financial viability.

The results revealed a coefficient of determination (r^2) of 0.636 for leadership. Meaning Leadership can explain 63.6 % of the variance in financial viability of deposit taking SACCOs in Kisii Region in Kenya. The F test gave a value of $(1, 4) = 7.985$, $P < 0.01$, which means Leadership is an insignificant predictor of financial viability.

The results revealed a coefficient of determination (r^2) of 0.965 for non-executive directors. Meaning Non-executive directors can explain 96.5 % of the variance in financial viability of deposit taking SACCOs in Kisii Region in Kenya. The F test gave a value of $(1, 69) = 114.630$, $P < 0.01$, which means Non-executive directors is significant predictor of financial viability.

4.6 Significance of Corporate Governance on Financial Viability

The study sought to establish the connection between Corporate Governance and financial viability of deposit taking savings and credit co-operatives in Kisii Region in Kenya. This was done by the use of linear regression analysis with ROE (%) as a dependent variable and corporate governance for the derived three factors

representing the independent variables (Board Composition, Non-executive directors and Leadership). The finding from correlations Table 4.6 similarly to Table 4.7 and Table 4.8 presented significant association between Corporate Governance and financial viability of deposit taking savings and credit co-operatives in Kisii Region in Kenya.

Table 4.8: Model Summary of the Regression

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	.991 ^a	.983	.931	.25568

a. Predictors: (Constant), Leadership, Board Composition, Non-Executive Director

Source: Research Findings 2016

Regression analysis revealed a positive relationship ($R = 0.991$). The Regression coefficient .991 indicated that variation of predictors used in the model to show the findings relationships. The study implied that the change of variations was controlled at 99.1% of board composition, non executive directors and leadership, however, the difference will be explained by other factors on return on Equity.

The study revealed that a combination of board composition, non-executive directors and leadership together contributed to 93.1% $R^2 = 99990.931$ of the Financial viability (ROE).

Table 4.9A: The Variance Analysis ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	3.744	3	1.248	19.090	.166 ^b
1 Residual	.065	1	.065		
Total	3.809	4			

a. Dependent Variable: ROE

b. Predictors: (Constant), Leadership, Board Composition, Non-Executive Director

Table 4.9 showed that the link between the variables: leadership, board composition, number of board members and the financial viability in terms of return on Equity can be explained by the model to the extent of 3.744 while the unexplained variables were not under the study by this model would be described by .065 implied there was no change than other variable not in the study.

F- Test value in the model showed that P-value (1.248, 0.65) which indicated statically significantly different from the mean deviation. The P value .166 is greater than the set threshold of statistical significance .05 ($0.65 > .05$) for a normally distributed data. This means that the model is not significant in explaining financial viability of the 5 deposit taking SACCOs in Kisii Region in Kenya. However, the model can be considered fit at 69.2% level of significant. This demand for further research to include other corporate governance determinants of viability not considered in this study. From the findings it is noted that corporate governance variables have no significant effect on financial viability (p-values > 0.05).

Table 4.9B Regression Coefficient

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
(Constant)	-7.412	2.805		-2.642	.230
Board Composition	-.583	1.103	-.381	-.529	.690
1 Non-Executive Directors	1.062	.798	1.460	1.331	.410
Leadership	-.219	.781	-.158	-.281	.826

a. Dependent Variable: ROE

The regression output is laid on Table 4.8 Standardized coefficient (Beta) was used to determine the relative importance of the significant predictors of financial viability.

The larger the absolute standardized coefficient, the larger the contribution of that predictor to financial viability as indicated by the T-statistics. The Board Composition and leadership were having negative insignificant predictive power while the least non-executive directors have positive insignificant predictive power.

From the result above table it was indicated that one unit change in board composition cause a decrease at $-.583$ change in return on equity among the five deposit taking SACCOs in Kisii Region in Kenya. This indicated that board composition do have control to financial viability in term of return on equity of the five deposit taking SACCOs operating in Kisii Region in Kenya which means that the board composition is not a predictor of financial viability of the five deposit taking SACCOs in Kisii Region in Kenya. One unit change of corporate governance leads to one unit change in return on equity in non-executive directors to cause change to 1.062 change in ROE of five deposit taking SACCOs in Kisii Region in Kenya. The study indicated that the non-executive director has a contribution to the financial viability ROE of five deposit taking SACCOs in Kisii Region in Kenya. A unit change in leadership at $-.219$ implied the decrease by 21.9% in financial viability in terms of ROE of five deposit taking SACCOs in Kisii Region in Kenya. This indicated that the leadership has an influence on the viability for five deposit taking savings and credit cooperatives in Kisii Region in Kenya. Board composition $0.690 > 0.05$, non-executive directors (p-value $.410 > 0.05$) and leadership (p-value of $0.826 > 0.05$) are not significant in explaining the financial viability of the five deposit taking SACCOs in Kisii Region in Kenya.

4.7 Interpretation and Discussions

The Pearson correlation coefficient between the variables revealed a positive insignificant relationship with OSS, ROA and ROE while negative and insignificant

relationship was revealed between independent variables with yield and debt to equity ratio. However, the level of significance on the relationship between independent variables and ROE was significant at various levels.

The number of Non-executive directors had significant positive association with ROE $r=0.987$, $P<0.01$ implying that increase in number of non-executive directors would results to increase in financial viability of SACCOs in Kisii Region in Kenya. This means that firms with a larger percentage on the number of non-executive directors were unlikely to perform economically better than those firms with smaller percentage on the number of non-executive directors. The findings agrees with those of Khan et al (2007) who found that companies with a higher percentage of non-executive directors reported better financial performance. The findings are inconsistent with Hartarska (2009) whose findings showed a negative association between board size and financial performance of microfinance institutions.

Nevertheless, increase in leadership qualification and competent would result to insignificant increase in financial viability (ROE). Similar findings obtained in board composition in form of different business skills and trade implying that increase in teacher profession in the board composition resulted to irrelevant increase in financial viability of SACCOs. Areba (2012) found that board size and board composition affected the financial performance of the corporation.

The independent variables insignificantly explained 98.3% of change in financial viability as obtained from adjusted R square of 0.983 leaving 1.7% to be explained by other factors. This implies that the model is not fit or robust at 95% level of confidence since the P-value was >0.05 . The study indicated that a one unit variation of board composition which causes a decrease -0.583 implied a decrease of -58.3%.

One independent variable change in non-executive directors leads to an increase of 1.062 (1.062%) changes in financial viability (ROE) of the five SACCOs in Kisii Region in Kenya. One unit of independent variable change in one unit in the leadership leads to an insignificant decline of -.219 decreased by -21.9% change in financial viability of the five SACCOs in Kisii Region in Kenya. The study revealed that leadership, board composition and non-executive directors were not significantly explained in financial viability of the five SACCOs in Kisii Region in Kenya.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 The Introduction

This chapter gives a summary, conclusions and recommendations of the study findings in chapter four as per the objective of the study. The study found that there was a link between corporate governance and financial viability in Savings and Credit Co-operatives in Kisii region.

5.2 Summary

The plan of the study was to establish the connection between corporate governance and the financial viability of SACCOs in Kisii Region in Kenya. This study adopted a cross-sectional design. The researcher used a census of the population. The population of the study was five deposit taking SACCOs in Kisii Region in Kenya encompassing both Kisii and Nyamira Counties. The response rate was 100%. The data was gathered exclusively by analyzing the annual audited financial reports of deposit taking SACCOs in Kisii Region in Kenya from 2011 to 2015 and the data was analyzed using Statistical Package for Social Sciences. The findings revealed there has been decline trend for yield on asset, yield on equity and yield over the last five years.

Of the five financial viability indicators, yield and debt to equity had insignificant negative relationship with independent variables while OSS, ROA and ROE had positive relationship with the independent variables. ROE revealed an important positive association between number of non-executive directors and viability with 99.0% confidence level while leadership and board composition had insignificant positive relationship with financial viability (ROE).

Board composition can insignificantly explain up to 62.7% of variance in financial viability with $P=0.069$. Similar results were revealed by leadership as it insignificantly accounted for 63.6% variance in financial viability with $P=0.066$. However, non-executive directors significantly accounted for 96.5% change in financial viability of SACCO with $P<0.01$.

From the regression coefficient, the independent variables coefficient had insignificant predictive powers. A unit change in the board composition (form of business skills) causes a decline of -0.583 (-58.3%) change in the financial viability of the five deposit taking SACCOs in Kisii Region in Kenya while one unit change in leadership (Qualification) led to negative change at -.219 implied that -21.9% change in financial viability (ROE) of the five deposit taking SACCOs in Kisii Region in Kenya. However, a unit change in non-executive directors leads to an increase of 1.062 change in viability of the five deposit taking SACCOs in Kisii in Kenya.

5.3 Conclusion

The financial viability of the five SACCOs in Kisii Region has been on the decline as shown by yield, ROE, ROA and debt to equity ratio. Of the financial viability indicators, only ROE revealed some significant relationship with independent variables. From the findings, this study concludes that the model is not significant in illustrating the financial viability amongst the five deposit taking SACCOs in Kisii Region in Kenya. Board composition, number of board members and leadership are not significant predictors of financial viability.

The board composition does not explain the financial viability of the five SACCOs in Kisii Region since the p- value is 0.717 ($p\text{-value}>0.05$). This implies that whether the board composition consists of high or low qualification; it does not affect the financial

viability of the five SACCOs in Kisii Region. The number of board members is not a significant predictor of financial viability with a p-value of 0.218 ($p\text{-value} > 0.05$). This suggests that whether the number of board members is big or small it does not affect financial viability of the SACCOs in Kisii Region. Lastly, leadership is also not important in explaining the financial viability of SACCOs in Kisii Region ($p\text{-value}$ of 0.421 > 0.05). This suggests that whether the leadership is qualified or not; this does not affect their financial viability.

5.4 Policy Recommendation

SACCOs are the key engines of growth in many developing economies especially in rural areas. Collapse of SACCOs would greatly impact on the economic growth resulting to serious failures to the financial system since cooperatives act as intermediaries. One way to maintain financial stability in a country is through good corporate governance of SACCOs.

On board composition, the study concluded that form of business which was used as proxy for composition had insignificant positive effect on financial viability of SACCOs. Therefore the study recommends that there is need to diversify the board composition in term of business skills and well educated people so that their expertise can be complemented for financial viability of SACCOs.

On number of non-executive directors, the study concluded that it has significant positive relationship with financial viability of SACCOs in Kisii Region. The study recommended that there is need for SACCOs to increase the number of non-executive directors as this would results to increase in financial viability of the SACCOs.

Lastly, the findings revealed that leadership had insignificant positive relationship with financial viability of SACCOs as qualification which was used as proxy for

leadership. Therefore the study recommends that the SACCO should increase the qualification requirement and competency of those individual involved on the leadership of SACCOs. This would result to increase in financial viability of SACCOs.

5.5 Limitations of the study

Care must be taken to generalize the results of this study as there were some limitations.

During this study, the researcher faced some challenges and limitations in its constraints in resources access in time. The researcher had scheduled time and budget to enable the study to be completed using the budget drawn and within the required time of the study. It was difficult to get the data on time due to the fact that the SASRA employees in charge of communications have many work responsibilities. This has really delayed the whole work process.

The results of this study were limited to the census of 5 deposit taking SACCOs in Kisii Region. Corporate governance variables were limited to board composition, number of non-executive directors and leadership. Other variables were left out due to time limitation and they include; frequency of board meetings, experience of board members, government policy through the ministry of industry, trade and cooperatives among other variables.

The major limitation faced was the inability to access the information required from SASRA on time. This delayed to process of data analysis and their interpretation

The use of regression analysis indicated that there was assumptions variable linearity in the models which may not be the case.

5.6 Suggestions for Further Research

This study has investigated the association between corporate governance and financial viability of the deposit taking SACCOs in Kisii Region in Kenya. A similar study should be carried out in other financial institutions like commercial banks as well as Microfinance institutions so as to find out whether similar findings will be achieved.

Finally, it will be appropriate in the future to institute studies to investigate the factors that affect SACCOs in complying with the regulatory framework in Kenya and more specifically Kisii Region given that very few, 5 SACCOs are currently being regulated by SASRA.

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APPENDICES

Appendix i: Introduction Letter



Telephone: 732160 Ext. 208
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 19134-40123
Kisumu, Kenya
0202659307 / 0720348080

Ref: CHSS-SOB D61/77775/2015

October 10, 2016

TO WHOM IT MAY CONCERN

The bearer of this letter Amos Ogamba Bosire

REGISTRATION NO: D61/77775/2015

The above named student is in the Master of Business Administration Degree Program. As part of requirements for the course, he is expected to carry out a study on "**Corporate governance and financial viability of deposit taking savings and credit co-operatives in Kisii region, Kenya**". He has identified your organization for that purpose. This is to kindly request your assistance to enable him complete the study.

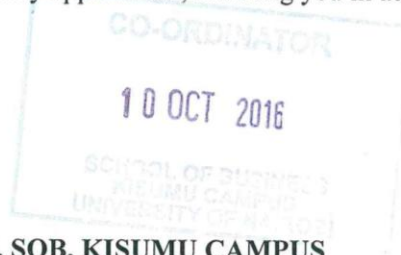
The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request.

Your assistance will be greatly appreciated, thanking you in advance.

Sincerely,

A handwritten signature in black ink, appearing to read "Nixon Omoro".

DR. NIXON OMORO
ASST. COORDINATOR, SOB, KISUMU CAMPUS



Cc. File Copy

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Appendix ii: Secondary Data Capture Form

1. Kindly indicate the Name of your SACCO
2. Kindly indicate the Number of years since your SACCO existence as DTS under SASRA.....
3. Please indicate the number of customer Target yearly.....
4. Current Number of members in the SACCO.....
5. Number of Board of Directors.....
6. Number of Non-Executive directors.....
7. Indicate the board composition in terms of academic qualifications? (Specify how many per level)

O level certificate	[].....
A certificate level	[].....
Diploma course	[].....
Bachelor Degree	[].....
Master Degree	[].....
Other	[].....
8. What is the composition of the board in terms of occupation / profession? (Tick where applicable and specify the number of members for that occupation)

Legal officers	[].....
Auditing	[]
Information Technology specialists	[]
Teachers	[]

Accountants

Informal sector

Other specialisation e.g. Farmer

9. Fill table as required:

Year	Amount in Equity	Borrowed funds	Total assets	Portfolio outstanding	Total operating income	Total operating expenses	Income from lending	Operating profit
2011								
2012								
2013								
2014								
2015								

Appendix iii: Originality Report

corporate governance and financial viability of deposit taking savings and credit co- operatives in Kisii region, Kenya

by Amos BOSIRE

FILE	AMOS_OGAMBA_2_REPAIRED.DOCX-28-10-016.DOCX (169.03K)		
TIME SUBMITTED	28-OCT-2016 11:00AM	WORD COUNT	11122
SUBMISSION ID	726960551	CHARACTER COUNT	70384

corporate governance and financial viability of deposit taking savings and credit co-operatives in Kisii region, Kenya

ORIGINALITY REPORT

% 15	% 13	% 5	% 8
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	chss.uonbi.ac.ke Internet Source	% 1
2	Nai-Chih Liu. "Find a way out: bereavement support in Taiwan hospice", Supportive Care in Cancer, 01/2006 Publication	% 1
3	erepository.uonbi.ac.ke Internet Source	% 1
4	41.89.99.18 Internet Source	% 1
5	aibuma.org Internet Source	% 1
6	Submitted to Kenya College of Accountancy University Student Paper	<% 1
7	Submitted to Australian Institute of Business Student Paper	<% 1
8	academicpublishingplatforms.com Internet Source	<% 1