

**EFFECTS OF CORPORATE GOVERNANCE PRACTICES ON THE
FINANCIAL PERFORMANCE OF SAVINGS AND CREDIT
CO-OPERATIVES IN NAIROBI COUNTY**

BY

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ABSTRACT

The research sought to analyse how corporate governance practices affect the financial performance of SACCOs within Nairobi County. The research focused on the thirty-four (34) licensed deposit taking SACCOs within Nairobi County. The corporate governance practices studied included the board size, board meeting frequency, composition of audit committee, audit committee size, audit committee meeting frequency. Financial Performance was measured by Return on Assets. The study applied a descriptive research approach research design. The sample comprised of 34 non-deposit taking SACCOs within Nairobi County. The data set comprised of both secondary and primary data. Primary data on corporate governance practices was collected using a tailor made questionnaire on collect information on corporate governance practices. Secondary data was obtained from Annual Reports of the SACCOs as well as the audited financial statements of the respective SACCOs filed with SASRA. The study sampled observations for the five-year period between 2008 and 2012. A structured data sheet was used to collect secondary data. A multiple regression model of financial performance versus corporate governance characteristics was applied to examine the relationship between the variables.

The study established that Board meeting frequency, Audit Committee size and Audit Committee Meeting Frequency have positive relations to the financial performance indicator as measured by Return on Assets. However, there are indicators that never had a bearing on the performance indicator (ROA), and this can be attributed to the fact that they remained constant over the whole study period such as Board Committee size, Composition of Audit Committee and Board Size. These findings have been found to concur to previous evidence from empirical studies on corporate governance. The research carried out on this study led to identification of the crucial aspects of corporate governance that should be emphasized in the governance matrix so as to boost financial performance of SACCOs in Kenya.