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An Assessment of the Influence of Corporate Governance Principles on Growth of Savings and Credit Co-Operative Societies in Kisii County, Kenya

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An Assessment of the Influence of Corporate Governance Principles on Growth of Savings and Credit Co-Operative Societies in Kisii County, Kenya

Ondari Moses [α], Dr. Andrew Nyang'au [σ] & Dr. Joshua W. Chesoli [ρ]

Abstract- The purpose of this study was to assess the influence of corporate governance principles on the growth of savings and credit cooperatives societies in Kisii County, Kenya. The recent past had witnessed decreased growth of societies due to alarming rate of dormant Savings and credit corporative societies within Kisii County a situation that was attributed to poor corporate governance principles practiced by Savings and credit corporative societies. The specific objectives considered in this study were: influence of Accountability, participation, inclusivity, and transparency on growth of SACCOs. The theory that was considered for this study was agency theory. The researcher adopted cross-section research design. The target population was 172 management officials of the deposit taking savings and credit corporative societies within Kisii County. Census method was used to obtain the sample size. The researcher used questionnaires as the research instruments for the purpose of collecting data from the respondents for the study. Validity of the study involved the researcher discussing with the supervisors on how the questionnaire was to be tailored to ascertain accurate information from the respondents for data analysis, and the reliability of the research instruments was measured by Cronbach's Alpha. Adequate reliability level was attained. The study targeted a total of 172 sampled SACCO management officials on whom the questionnaires were administered. Out of this number, a total of 141 of them returned their questionnaires, translating to an overall response rate of 82% which was sufficient for data reporting. Descriptive statistics used were: mean, standard deviation, percentages and frequencies. Inferential statistics used were correlation and regression analysis to analyse data collected from the respondents. Computer software (SPSS) package for social sciences version 22 was used in conducting quantitative data analysis. The study found that the SACCO managements were partially practicing accountability in SACCO governance. The study concluded that participation of SACCO's members and other stakeholders in corporate governance, in decision making and accommodating ideas from members in SACCO governance is key to promote growth of SACCOs. The study recommended that SACCOs in Kisii County should practice inclusivity principle of governance in order to spur growth through mobilising the member's resources and accepting members from different disciplinary to bring in skills that would further the growth of SACCOs in Kisii County.

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I. Introduction

SACCO was first invented in South Germany in 1846 at the time of Agricultural crisis as a result of heavy drought in Europe, by two community business leaders: Freidrick W. Reifeisen and Herman Schultze-Delitsch, who are considered as the founding father of the saving and credit cooperatives (SACCO) movement (Tache, 2006). Later in Italy, Luigi Luzzatti established saving and credit cooperative society, which combined the principles established by his predecessors. Both forms spread rapidly all over Europe; and the history of SACCOs or credit unions shows that they were formed essentially for the relief of poverty among the poorer classes of people in Europe, United States, India and the rest of the world (Tache, 2006).

Principles of corporate governance are a topic that has been debated on overtime and there are no specific standards of principles of corporate governance that are applicable to all countries of the world. However, G20/OECD a worldwide organization comprising of country members has given the guidelines on what constitutes to principles of good corporate governance and they include, efficiency in allocation of the firm resources, transparency and disclosure of operations of the firm, participation of shareholders in shareholders' meetings, inclusiveness by taking care of all stakeholders of the firm, accountability that is by reporting on financial and non-financial matters to shareholders, and management responsibility to oversee the operations of the firm for growth purposes; hence these can be summarized as efficiency, transparency, participation, inclusivity, accountability, and management responsibility (Gurria, 2015).

Principles of corporate governance at whatever arrangements aim at supporting and promoting the integrity of the firm and protect the shareholders' wealth and care for the interests of the stakeholder, in this case there are six principles of corporate governance that are considered and these include transparency,

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independence, accountability, integrity, clarity of purpose, and efficiency. Transparency as a principle of governance would ensure openness that creates confidence of the shareholders and stakeholders of the firm, independence includes freedom of office holders from interference of decision making issues, and accountability principle ensures that managers are accountable of their actions while integrity deals with straightforwardness and honesty, and clarity of purpose principle help shareholders and stakeholders to know why their firm exists meanwhile efficiency ensures that the firm delivers quality out-comes at affordable costs to the shareholders (O'Reilly, 2009).

Corporate governance principles are set by the firm to promote investors' confidence and also promote the wellness of the firm while aiming at achieving the objectives of the organization, and good principles of corporate governance tend to achieve good governance outcomes and quality outcomes; Australian corporate governance council has set eight good principles of corporate governance and they include, accountability, transparency, participation, efficiency, audit, integrity, management responsibility, and competitive compensation for managers that contribute to achieving the goals of the firm (Johnstone, 2019).

Tapiwa Michael (2015) points out in his study that accountability, fairness, transparency, and responsibility of the management of the firm are core principles of good corporate governance; accountability obligates the firm managers to give an explanation of their conduct and actions of the firm, and fairness gives an equal treatment to the shareholders irrespective of whatever shareholdings they hold, while transparency as a good principle of corporate governance is that all stakeholders should be informed of the firm's activities, and thus responsibility involves board of directors being given authority to act on behalf of shareholders.

In Kenya, the codes of corporate governance principles borrow leave from and are in line with G20/OECD principles of corporate governance a worldwide organization which has president in establishing corporate governance principles (Makabwa, 2016). Keay & Loughrey (2015) in their article on accountability of the board in corporate governance argue that directors of the SACCO are required to provide an account of their actions to the shareholders, and for that account to be justified and evaluated, and there to be the possibility of consequences being imposed upon directors in the light of the account which they give. And, for directors to be accountable to shareholders is considered as an icon of good corporate governance, and it implants value creation for firms or for SACCO Societies; and enhancing the growth of SACCOs.

Chansa (2006) did a study on accountability: A case of Zambia state corporation holds that accountability in corporate governance is key to economic growth of firms; and where there is poor accountability practiced by players in the SACCO Societies or firms, shareholders may lose the confidence they have for their organization and hence become reluctant to put in their best and, this would mean less growth in the SACCOs in terms of their resources. The more accountable managers are, the more likely it is that results of performance measurement processes are going to be a true and fair representative of the performance being measured.

Wannergren (2014) did a study in Kenya on Accountability and access on open Data in Kenya argues that for transparency to lead to accountability there must have been actions taken from a number of involved shareholders, based on their capacity, context and from their various specified needs; and here accountability is an action to report to shareholders how best the managers have implemented actions in terms of finance and non-finance needs of the shareholders in the course of pursuing the SACCOs' operations.

Nagy (2015) did a research on participatory governance in the European capital of culture programme he contends that participatory in corporation governance influences the process of involving those actors that are affected by them. Participation requires transparency, equal access to decisions, openness, competence, and respect of shareholders of the SACCO. And, this is an incentive to the shareholders to put more of their resources to their SACCO for growth purposes.

Maseko (2015) in his study on Participation of shareholders in corporate governance in Switzerland posits that participation of shareholders in governance of the firm is key in corporate governance decision-making processes that include right to nominate, appoint and remove managers or directors of the firm, remove external auditors and approving of major corporate decisions; and other rights of participation also include to obtain relevant and important financial information of their company from managers and right to participate and vote in the annual general meetings of the firm and this enhances the ownership of the firm or SACCO for its growth purposes.

Esser & Havenga (2008) did a study on participation of shareholders in corporate governance in South Africa, they argue that shareholders participation is considered to be a good principle of good corporate governance and it is usually entrenched in self-regulatory codes, it is widely recognized that shareholders can, and should, play an important role in ensuring that their SACCO adhere to sound and effective corporate governance set rules by shareholders participating in decision making processes during the annual general meeting. And, this induces the

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shareholders to put in their resources for the growth of the SACCO Society.

Dilyard (2017) did study on socially inclusive economic growth through innovative corporate governance argues that inclusivity in corporate governance allows broader shareholder participation in social inclusive economic growth of SACCOs and allows reach out to many, and all groups that could be considered stakeholders and shareholders from all households of the economy; and through this, the right engagement develops a sense of ownership and enable control over the decision making-process that strengthens accountability due to wider array of groups of people involved that gives a voice to all.

Norton & Rogerson (2012) in their study on inclusive and sustainable development points out that social enterprises like SACCOs are designed or formed for specific economic social outcomes, and it is intended that these micro-credit are established to promote financial inclusion for their members from both public and private, and these credit institutions need to cover their costs in order to attract investors in order to survive and expand their economic wellbeing in the competitive financial market environment. Norton and Rogerson further argue that inclusive governance calls for many actors such as shareholders, policy makers, government agencies and other related stakeholders who come together to promote inclusive growth in both public and private economic sectors which purpose to reduce poverty, reduce inequality between the rich and the poor in order to make inclusive growth to be more sustainable which in the end result increase the wealth of the shareholders while taking care of the interests of the stakeholders.

Clsse (2013) did a study on inclusive Businesses for shared prosperity a realization of Africa's wealth argues that the principle of inclusivity in the firm management facilitates knowledge sharing, access to finance and provide the best practices of information dissemination for important information is power to any business or firm for growth of shareholders' wealth; and further points out that inclusive practices make possible availability of investment opportunities, crucial information to the firm, incentives and implementation support programmes which enhance the growth of the SACCOs.

Wachuku (2017)did a study on inclusive finance programme for Central, East and Southern Africa advocates that access to finance is one of the most challenging issue to East Africa residents; and it is the intention of inclusivity in corporate governance to strengthen access to financial products and services to social credit and savings members from other financial institutions that would uplift their standards in their personal economic development; hence growth of SACCOs could be the end result.

Madan (2013) in his study on transparency and performance of Indian Companies points out that transparency and disclosure of matters relating to accounting and financial operations to shareholders motivate the shareholders to own their firm and keeps the managers alert of their actions relating to the finances of the SACCO; and hence appropriate actions of plans on use of firm resources can foster growth in wealth of the members.

Carothers & Brechenmaster (2014) in their study on transparency and accountability they advocate that transparency is of great importance as to the use of development resources of the firm and affirm that the shareholders are to be allowed to participate in the planning processes of their firm capital resources and transparency here determines whether the managers of the SACCO are going astray or are on track. Razzano (2012) advocates in his article on Transparency in South Africa open government interventions that transparency is key to access to information on financial matters by shareholders and freedom of expression of shareholders and in return this icon of good corporate governance will provide democratic management of the SACCO which would ensure accountability, openness and responsiveness by the managers.

Total membership of SACCO Societies in 2013 was 148,202 and in 2017 was 206,724. Share capital in 2013 was Kshs 4.34 Million and in 2017 stood as Kshs 1.26 billion. Total Assets in 2013 stood as Kshs 6.22 billion and in 2017 as Kshs 9.42 billion. The total number of registered SACCO Societies in 2013 was 94 and in 2017 stands as 189. Dormant SACCO Societies in 2013 was 23 and in 2017 was 90 dormant SACCOs (Kisii County Ministry of corporate annual report, 2017).

Good Governance means competent management of a SACCO's resources and affairs in a manner that is open, transparent, accountable, equitable and responsive to SACCO's stakeholders and inclusivity of all stakeholders in the management of SAACO's resources; corruption which undermines development is generally an outcome and symptom of poor governance. Without efficient governance, there is no impetus for economic growth and sustainable development of a firm or a SACCO (Alam *et al*., 2012). Mwangi et al, (2015) note that goal of corporate governance is to maximize the wealth creation at minimal cost of the SACCO as a whole and this would include also the achievement of the SACCO's objectives. To achieve this in the modern SACCO it would mean taking care of a large set of interested groups; including minimum shareholders, lenders, customers, employees, suppliers and management which are often referred to as the primary stakeholders, who are vital to the survival and success of SACCOs. Employees would like to get assurance that they are working in a SACCO that sustained itself thus securing

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their employment, supplier's payment after delivery of goods and service (Kafela & Agumba, 2008).

Wachuku (2017) observed high inclusive finance programme in Central, East and Southern Africa which advocated that access to finance is one of the most challenging issue to East Africa residents; and it is the intention of inclusivity in corporate governance in SACCOs is to strengthen access to financial products and services to social credit and savings members from other financial institutions that would uplift their standards in their personal economic development; hence growth of SACCOs could be the end result.

Transparency and performance of Indian Companies points out that disclosing matters relating to accounting and financial operations to shareholders motivate the shareholders to own their firm and keeps alerting their actions relating to the growth of the SACCO. Hence appropriate actions of plans on use of firm resources can foster growth in wealth of the members (Madan, 2013).

a) Statement of the Problem

Accountability, participation, inclusivity and transparency are the most important principles of corporate governance of SACCOs in Kenya. These principles when they are practiced by SACCOs, the SACCOs can enjoy overall increase in growth and benefit their members in terms of higher dividends, and increase of members' wealth.

According to the Annual report (2017) from the Ministry of Co-operative Department, Kisii County registered in 2013 dormant SACCOs as 23 in number, and in 2017 as a total of 90 dormant SACCOs. The increase of dormant Saccos is worrying and reflects the decline in growth which is attributed to poor corporate governance principles practiced by SACCOs operating within Kisii County.

Otieno (2013) carried out the study on the relationship between corporate governance practices and the growth of SACCOs in Nairobi County. The study failed to include participation as a crucial principle of good corporate governance. Makai & Olweny (2016) examined corporate governance and financial growth of savings and credit co-operative societies a case of SACCOs in Kirinyaga County, Kenya. The study focused on board leadership, financial performance disclosure, corporate social responsibility, and compliance with legislation as the objectives. The study targeted 327 members of SACCO's staff and a sample of 104 respondents was taken. But this study failed to include inclusivity of members in governance as a principle of good corporate governance. Thus, this study sought to address how the considered principles of corporate governance affect the growth of SACCOs in Kisii County to fill the gaps that are identified above and on the summary of research gaps.

b) Objectives of the study

The study was based on the following research objectives

i. To find out how accountability influence the growth of SACCOS in Kisii County.
ii. To establish how participation influence the growth of SACCOs in Kisii County.
iii. To determine how inclusivity influence the growth of SACCOs in Kisii County.
iv. To examine how transparency influence growth of SACCOS in Kisii County.

II. Literature Review

Agency theory was initially developed by Berle and Means in 1932 in their publication "The Modern Corporate and Private Property", who argued that there was a continuous separation of the firm's management from the shareholders of the firm which needed to be resolved and this was in relation to corporate governance of the firm, hence there was no monitoring of autonomy on the firm managers who are made responsible by shareholders to take care of their firm; and the theory was further advanced by Jensen & Meckling in 1976 to be called agency theory; and they also brought in managerial behavior, agency costs and ownership structure components to enhance the theory (MacColgan, 2001). Samson (2014) advocates on how best agency theory explains the best way to organize a relationship where one party determines the work, and where the other party carries out the work; which means the principal (shareholders) hires the agent (managers) to do the work. Agency theory assumptions are outlined by wright *et al.* (2001) that the agents (managers) act in the best interest of the principals (shareholders).

Though agency theory is useful in its application in corporate governance it has some limitations as pointed out by Arthurs & Busenitz (2003) that when the goals of the principals (shareholders) and agents (managers) are aligned there is no agency problem and that where actual goals and perceived goals are different agency theory fails. Panda & Leepsa (2017) in their article Agency theory: Review of theory and evidence on problems and perspectives agree that agency theory is the most debated financial theory since 1930s till to date in regards to theoretical and empirical literature by researchers for it is attached to corporate governance of the firm; every firm is subject to corporate governance except self-owned firms and this is due to separation of owners from the control of the firm which is given by shareholders to the corporate managers to manage the activities of the firm in their behalf.

Agency theory has been criticized strongly by (Ghoshal, 2005) in his article "seminal Bad management theories are destroying good management practices" where he argues that implementation of agency theory

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has allowed principals and agents to become self-fulfilling and forgetting other stakeholders like creditors, debtors and the government agencies; hence the managers can pursue activities for the interest of their principals and for their own interest at the expense of other stakeholders. However the researcher found the agency theory relevant to the study for it relates to corporate governance of the firms or SACCOs, it establishes the relationship between the shareholders and the Managers whom the shareholders have assigned the responsibility of running day to day activities of the SACCO in their behalf.

a) Accountability and growth

Lindberg (2009) in his study on accountability and its core concepts claims that the central thought of accountability is when the authority is transferred from the principals (shareholders) to the agents (managers), and having mechanism in place to hold the agents accountable for their decisions and actions to the shareholders of the firm, and it necessitates imposing sanctions or removing the agents from authority who contravenes the authority of the principals or when the agents do not perform. Lendberg, further advocates that accountability necessitates the shareholders to sanction the agents for failure to provide information in regard to financial and non-financial issues and also failure to justify their decisions and action to the shareholders hence holding the firm's executives responsible improves the quality of service delivery and the end result enhances the growth of the firms or SACCOs.

Dunop *et al*. (2012) in their study on accountability and transparency points out that accountability and transparency are key ingredients for preserving business value in a competitive economy and these two principles of corporate governance are pillars for business success for they foster sustainable social growth, economic growth and job creation in the society and this increases the wealth of the SACCOs members and extent prosperity to the community.

Zainabu *et al.* (2018) researched on accountability, internal audit function and corporate governance in statutory corporations. The purpose of the study was to establish the contributions of accountability, internal audit function, and corporate governance on the management of state owned corporations in Uganda. The researcher employed cross section research design. The objectives examined were: corporate governance and accountability and internal audit function and accountability. 92 state owned enterprises were taken as sample. Correlation and regression statistics were used to analyse data. The study concluded that internal audit function and corporate governance have a positive and significant association with accountability in Uganda. Due to limitations in this study, the researcher recommends further research to test various corporate governance attributes affect accountability that were not considered in this study such as; board size, board independence, and board composition to accountability to both public sector and private sector entities in different settings in future. The study failed to employ participation which would improve accountable governance aspect of SACCOs.

Odhiambo (2013) in his study on accountability for donor funding by non-governmental organization in Kisumu County claims that accountability as a principle of good corporate governance is an important aspect for any organization today; any organization needs to deal with utmost importance of accountability of finances for the success of the firm be it in public or private sector and he emphasizes that the executives of the firm must be held accountable by the shareholders for the goals and performance and growth of the SACCOs.

Chemakai *et al* (2018) on their article study on accountability on the performance of SACCOs in Kakamega County Kenya they assert that lack of accountability and transparency retard the growth of SACCOs, and this comes as a result of poor principles of corporate governance; and with experiencing of poor corporate governance a host of problems arise that affects the development of SACCOs such as; low financial innovations, poor financial reporting, lack of access to financial resources from other financial institutions and this would make the shareholders have miss trust in the board of management and staff of the SACCOs, which becomes hindrance to the growth of SACCOs.

b) Participation and growth

Huang & Xie (2016) conducted a research on the impact of shareholders participation on corporate governance in China. Evidence from companies listed on the Shenzhen stock exchange "A" shares. The study was to investigate an impact of shareholders participation in corporate governance in China; for the separation of ownership and management of companies often to some extent causes agency problems between shareholders and managers. The objectives of the study were: shareholders participation in corporate governance, and effect of participation of shareholders in corporate governance. A sample of 468 listed companies was examined to determine the effect of participation of shareholders in corporate governance of the Chinese listed companies. Descriptive and regression statistics were used to analyse data. It was concluded that shareholders participation in corporate governance improved performance of the listed companies in China. Therefore shareholders, board of directors and regulators should pay more attention to the status of shareholders participation in business

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decision making. The recommendation from the study was that the Chinese government should continue promoting development of institutional investors in its economy, emphasis on relevant laws and regulations should be established and improved especially about corporate governance. The study failed to include, inclusive principle of corporate governance which would cater for other stakeholders of the rest companies.

Waheduzzaman (2010) researched on shareholder's participation for good corporate governance: A case of rural development programmes in Bangladesh. The study was designed to investigate the specific circumstances at the local level and the barriers to the process of people's participation in government bodies and private sector; and the researcher also seeks to find possible ways to increase people's precipitation in development programmes which can contribute to good corporate governance over the firms' resources. The objectives of the study were: understanding of people's participation in development programmes, practice of engaging people in development programmes, and identification of the gap between the values of people's participation in corporate governance. Qualitative approach was used to analyze data. The study concluded that there are manifold problems contributing to the ineffectiveness of people's participation due to lack of knowledge of the elected representative for people's participation, lack of direct participation, and that no legal system that ensures people's participation in government bodies, hence administrative decentralization is incomplete, which has empowered government officials over elected peoples' representatives in relation to financial matters. The study recommends a new model to overcome the uncovered barriers to effective people's participation known as people's school, which ensures that people's participation is included in all local government projects and also non-government organization to be an overseer. The study failed to include transparency principle of corporate governance which would spell that people's participation was valuable or was worthwhile for the growth of the firm.

MacGaughey (2014) did a research on participation in corporate governance he claims that participation in corporate governance principle is one of the principle that guarantees participate rights in investment which makes corporate governance an agent of economic growth and sustainable environment shareholders; and he further argues that participation principle brings agency problem in a broader view in the modern investment where it accounts more on ultimate equity contributors(shareholders) who determine the operations of their enterprise.

Mutekede & Sigauke (2015) did a study on participation in governance, policy options and local development in Africa they hold that participatory principle in corporate governance triggers the sharing of power that leads to access to equity and use of resources of the firm. Where women and men in the Sacco society membership must participate as equals in all decision-making processes, priority setting and resource allocation process; inclusive of everyone be it poor, young, older persons, religious or ethnic, for this become key for the growth of SACCOs.

Wanja (2007) did a research project on participation of women in corporate governance in Kenya she argues that women as their counterpart also have abilities that are particularly effective in today's organization management. This is to enhance the gender debate in higher ranks of the firms in Kenya, she points out that the shared responsibility in this manner enhances women participation in corporate governance as good principle of governance which results in high morale for increased productivity and new innovations that provide growth of the shareholders' wealth.

c) Inclusive governance and growth

Brown (2018) conducted a research on inclusive governance practices for non-profit organizations and in this study he points out that inclusive principle of governance is an aspect that foster diversity in service delivery to SACCO members and to the credit society as a whole, and that inclusivity brings about skills for better running of the firm and access to finances to enable credit societies accomplish their objectives, and this spur members to contribute more and more of their resources to enhance the growth of their wealth.

d) Transparency and growth

Lumentut *et al.*(2017) on their study on the transparency principle of good corporate governance puts it that transparency increases the confidence of the shareholders, support and participation of all stakeholders of the firm, and that all functions and operations of the firm need to be done in a transparent manner in order to promote good corporate governance of an enterprise and this encourages economic development and foster the welfare and reduce poverty of members of the society; and also creates job opportunities in the community; and he further argues that openness of all matters relating to operations of the firm encourage investors (shareholders) to put in more of their resources for the purpose of expansion and growth of their SACCO.

Bushman & Smith (2003) in their study on "transparency, Financial accounting information practices of corporate governance of firms in India" argue that transparency is the availability of reliable financial records and performance for specific periods and take ups or investment opportunities that are at the disposal of managers, and this can enable shareholders to discipline the firm managers to direct resources

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towards identified projects or operations that will result in growth of wealth that will benefit the shareholders of the SACCO.

III. Research Methodology

The study adopted the cross sectional research design which Oso and Onen (2009) say involves looking at people who differ on one key characteristic at one specific point in time. The data is collected at the same time from people who are similar in other characteristics but different in a key factor of interest such as age, income levels, or geographic location. Cross sectional design takes place at a single point in time, it does not involve manipulating variables, allows researchers to look at numerous characteristics at once (age, income, gender, education, etc.), often used to look at the prevailing characteristics in a given population and it provides information about what is happening in a current population. Creswell (2014) equates a cross-sectional study with a snapshot of a particular group of people at a given point in time. The target population of the study was 172 SACCO management officials from 8 registered DTS-SACCOs in Kisii County. Census method was used where the entire target population of 108 SACCO officials was taken as a sample size of the 8 registered DTS-SACCOS in Kisii County. In this study the researcher used questionnaires to collect required data. Questionnaires were used to collect data from the SACCO management officials.

IV. Findings

a) Accountability

The study sought to establish the influence of accountability as a corporate governance principle on the growth of SACCOS in Kisii County. This was done by exploring the views of the Sacco management officials on their level of accountability in governance. Their responses were summarized in percentage frequencies and means, as shown in Table 1.

Table 1: Level of Accountability

	N	Minimum	Maximum	Mean	Std. Deviation
The management in our Sacco usually justifies all their activities to shareholders during AGM.	141	1	5	3.13	.958
All actions are justified at every stage of making decisions process.	141	1	5	3.38	.990
The Sacco management takes full responsibility for any outcome of their actions whether good or bad.	141	1	5	2.95	1.065
Taking full responsibility by management in our Sacco is one of the important attribute in corporate governance.	141	1	5	3.48	.789
Taking full responsibility by our Sacco management is key to corporate governance of our Sacco.	141	1	5	3.26	.659

The findings established that although managers of SACCOs are obligated to fully accountable for their activities, accept responsibility and to disclose all the results in a transparent manner to their members, the results of the study indicate that this was not always the case among the Sacco's in Kisii County. For instance, only small proportion of the sampled officials accepted that their managers generally justify their actions, as interpreted with a (mean 3.13; SD 0.958). Likewise, the sampled officials agreed that all actions in their Sacco are justified at every stage of making decisions process by the management as indicated by a (mean 3.38; SD 0.990). In addition, the surveyed Sacco officials observed that their Sacco management never take full responsibility for any outcome of their actions whether good or bad as indicated by a (mean 2.95; SD 1.065).

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However, it emerged that majority of the respondents accepted that taking full responsibility by management in a Sacco is key in corporate governance, as implied by a mean of(3.48;SD 0.789). Likewise, in contrast the fairly low average accountability (mean of 3.26; SD 0.659).Many of officials who took part in the survey indicated that taking full responsibility by Sacco management is key to corporate governance of their Sacco.

b) Participation

The study sought to establish the influence of participatory governance on the growth of SACCOs in Kisii County. The objective was explored by exploring the views of the Sacco management officials on the level of participatory governance in their Sacco and its influence on growth of Sacco. The level of participatory in governance was measured by five itemed Likert scale questionnaire, with the responses ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The responses were summarized in percentage frequencies and means, as shown below in Table 2.

Table 2: Participatory Governance

	N	Minimum	Maximum	Mean	Std. Deviation
Members in our Sacco usually participate in major decision making process.	141	1	5	3.39	1.034
Members are given opportunity to express their ideas in decision making processes.	141	1	5	3.21	1.011
All members have equal opportunity to express their ideas concerning the management of the Sacco	141	1	5	3.30	1.061
The meetings of our Sacco follow democratic process in decision making.	141	1	5	3.38	.799
Democratic processes are key to corporate governance of our Sacco.	141	1	5	3.22	.972

This was revealed by the overall mean average participatory governance of 3.30. This implies that, on average, the SACCO management officials were fairly committed in involving members and other stakeholders in decision making, but only to some extent. Management officials who took part in the survey said that the members in their Sacco usually participate in major decision making process as indicated by the (mean; 3.39; SD, 1.034).

Equally, the findings of the study established that although many of the officials alluded that members in their Sacco are given opportunity to express their ideas in decision making processes as given by a (mean; 3.21; SD, 1.011).

On expression of ideas concerning SACCO management, the results of study indicate that only a few of the Sacco management in Kisii County accommodated ideas from the members, as was reflected by a (mean,3.30; SD1.061). Equally, on whether the Sacco meetings follow democratic process, majority of the respondents alluded that the meetings of their Sacco usually observe democratic process in decision making, which translates to a (mean 3.38; SD, 0.799).

c) Inclusivity Governance

The third independent variable of the study sought to investigate how inclusivity principle of corporate governance influence growth of SACCOs within Kisii County. The investigation was done by use of five point Likert scaled questionnaire on indicators of inclusive governance among the SACCOs. The management official respondents rated the inclusivity in governance indicators ranging from strongly disagree (1) to strongly agree (5), with high rating meaning high inclusivity in governance and vice versa. The responses were summarized in means and standard deviation as shown in Table 3 below.

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Table 3: Descriptive on the Level of Inclusive Governance

	N	Minimum	Maximum	Mean	Std. Deviation
All members are given equal opportunity to share resources and services that are provided by the Sacco.	141	1	5	3.16	.976
The management of our Sacco shares matters regarding the management of the Sacco with the Sacco members.	141	1	5	3.28	.854
Our Sacco provides access to finance from other financial institutions to Sacco members.	141	1	5	2.72	1.111
Our Sacco accepts membership from all disciplinary groups for example: Teachers, accountants, businessmen etc.	141	1	5	3.13	.970
Our Sacco accepts membership from poor and rich individuals from the community.	141	1	5	2.95	.839

Findings of the study reveal that there is generally moderate amount of inclusivity in corporate governance among the SACCOs in Kisii County. This was interpreted from a mean rating of 3.05 on Likert scale of 1 to 5 points, with rating of indicators of the questionnaire ranging from 2.72 to a high of 3.28. However, it emerged that SACCOs in Kisii County slightly differed on how they control their activities so as to achieve their objectives with regard to inclusivity. For example, on membership of the SACCOs, the results of the survey reveal that the SACCOs accept membership from everybody who wishes to join them; some of them are restrictive on their membership. This was confirmed by the officials who took part in the survey who confirmed that their Sacco do not accept membership from all disciplinary groups, translating to inclusivity in governance among the SACCO management at a level of (mean, 3.13; SD, 0.970).

In regard to whether SACCOs in Kisii county welcome members or not with varied economic status, the findings of the study established that there was no unison in agreement of the respondents on this matter, as interpreted by a (mean 2.95;SD,0.839).

Equally, the surveyed management officials alluded that all their SACCO members are given equal opportunity to share resources and services that are provided by the Sacco as indicated by (mean,3.16;SD,0.976).

On the flip flop, it was established that most respondents agreed that their managers always share matters regarding the management of the Sacco with the Sacco members translating to a (mean, 3.28; SD, 0.854). Equally, the results of the survey revealed that not all of the Sacco's provide access to finance from other financial institutions to Sacco members as revealed by (mean, 2.72; SD, 1.111).

d) Transparency

The study sought to examine the influence of transparency as a corporate governance principle in SACCOs' governance on growth of SACCOS within Kisii County. The variable was addressed by, first, exploring the views of SACCO management officials on the level of transparency in governance and, second, by using inferential statistics to investigate whether there exist relationship between transparency governance and growth of SACCOs. The level of level of transparency in governance was sought by use of five itemed Likert scale of five point's questionnaire with responses that ranged from Strongly Disagree (1) to Strongly Agree (5). The responses were summarized in means and standard deviation, as in Table 4 below.

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Table 4: Ratings on the Level of Transparency in Governance

	N	Minimum	Maximum	Mean	Std. Deviation
Members of our SACCO have access to all financial records at any point in time	141	1	5	3.08	.784
Shareholders have access to all minutes and actions taken by SACCO management at any time	141	1	5	2.97	1.000
Reporting to shareholders on matters relating to finance and non-finance is key to corporate	141	1	5	2.82	1.064
It is the practice of the management to share with members on issues of operation of our Sacco during AGM and any other matter that may arise	141	1	5	3.08	.934
Accurate and comprehensive disclosure of financial records to members is key to our corporate governance	141	1	5	2.79	1.074

The finding indicated that the management of most of these SACCOs does not adequately produce the required financial records and statements for the purpose of assessment by the members to enable them make appropriate decisions that affect the operations of the SACCOs. For example, specifically on the financial records, the results of the survey depict that there is only partial access to financial records and documents, as indicated by(mean, 3.08; SD, 0.784).

In regards to minutes of SACCO meetings, the study findings reveal that only a few SACCOs openly avail this to the members. This was interpreted by (mean, 2.97; SD, 1.000). Likewise, reporting to shareholders on matters relating to finance and non-finance which is key to corporate governance of Sacco's was established to be fairly low (mean=2.82; SD, 1.064), Similarly, disclosure on accurate and comprehensive financial records to members which is an important aspect of transparency in corporate governance was found to be low (mean=2.79; SD, 1.074).

On the same note, it emerged that even during annual general meetings key matters on operations of the SACCOs are not always given to the members, as mirrored by (mean 3.08; SD, 0.934) in the scale of 1 to 5.

V. Conclusion and Recommendations

It was concluded that the level of accountability in governance among the SACCOs in Kisii County is moderate. This was informed by the finding that just a few respondents agreed that their management officials fully account for their activities, accept responsibility and to disclose the results in a transparent manner to their members. However, it was concluded that accountability in governance is of critical importance for the growth of SACCOs.

Equally, from the findings of the study it was concluded that participation of members and other stakeholders in the matters of SACCOs in Kisii County was moderate. The SACCO management officials are not fully committed in involving members and other stakeholders in decision making, members are not given opportunity to fully express their ideas and management officials hardly accommodate ideas from the members. However, it was concluded that practicing participatory governance is key to the growth of SACCOs.

Based on accountability principle of governance which showed a positive growth of SACCOs and it was recommended for official management of SACCOs to embrace this corporate governance principle of being accountable for their operations. It is also recommended that SACCOS should be ready to account for their activities, accept responsibility and to disclose the results in a transparent manner to the members.

Further, the study recommended that participation of SACCO members and other stakeholders should be promoted by the government through the Ministry of Industrialization and Enterprise Development to train management of SACCOs on sound corporate governance principles which promotes

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participation in governance. The trainings should be based on framework of rules and practices by which management staff ensures participation is in place for the running of SACCOs.

Thus, the generalization of these results especially in other areas may be restrictive, hence replication of this research using data from other counties in Kenya may provide valuable insight to corporate governance and its influence on growth of SACCO.

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