

# **Corporate Governance and Financial Performance of Savings and Credit Cooperative Societies in Embu County**

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## **Abstract**

SACCOs have been growing in the recent past so as to meet the financial needs of many who cannot access the same services from the mainstream banking sector. However, the SACCOs are faced by some challenges as they grow and corporate governance is one of the challenges faced by many firms to an extent of some SACCOs collapsing in case of failure to correct the maintenance and control challenge.

Corporate governance is a concept which entails practices of the organization management and control and the relation among the persons who provide recourses for operations of the firm who include; shareholders, employees, the board of management, suppliers and customers. The purpose of this study was therefore to identify the relationship between corporate governance and financial performance of SACCOs in Embu County. In particular, the specific objectives were to study how board size, leadership influence and transparency, disclosure and accountability affects the financial performance of these SACCOs. The research problem was identified through the use of descriptive research design. Population of interest was ten SACCOs in Embu County. Data collection involved use of secondary data from SACCO annual published reports and any other literature from the targeted SACCOs. This data was analyzed through the use of descriptive analysis technique. The findings were presented in percentages and tabulations. The findings revealed that there a strong negative relationship correlation between board size and financial performance meaning that the fewer the board members the better the financial performance of SACCOs. Also, there is a positive relationship correlation between leadership influence and financial performance of SACCOs and there is a positive relationship correlation between transparency, disclosure and accountability and financial performance. The study therefore concluded that these factors can be used to measure financial performance in SACCOs