

## SCALING THE HEIGHTS OF CORPORATE GOVERNANCE IN THE SACCO SOCIETIES IN KENYA

In Kenya, Sacco societies control 30 percent of the Gross Domestic Product (GDP) and account for over Kshs. 600 billion in the form of assets and savings an amount equivalent to 35 per cent of our national budget. Therefore, these non-bank financial institutions play a major role in alleviating poverty and foster economic growth and development of the Kenyan economy. However, the Sacco societies face a number of challenges such as weak internal control system which leads to financial impropriety, societies' board incompetence and lack of transparency in the course of discharging their duties as well as inadequate management decision making. Therefore, this paper was an exploratory survey of the state of corporate governance among the Luo Nyanza Saccos in Kenya with specific reference to management staff recruitment and selection as well as the kind of tools used for the vital staffing function. The study found out that significant number of these Sacco societies do not have appropriate interview tools hence exposing them to the risk of unverifiable, not accountable as well as non-transparent recruitment and selection exercise. This may lead to getting management staff which are incompetent, inexperienced and less qualified hence contributing to financial impropriety in the Sacco societies. The study also found out that majority of the Sacco societies are still at their early years of establishment with most of them falling in the range of one to five years of existence a period characterised by weak financial framework, structural establishment gaps, low uptake of technology hence the need to recommend for the adaptation of tested interview tools for these Sacco societies. A census study design was employed in the 26 Sacco societies with a questionnaire as the primary tool for data collection. Fifty two respondents were obtained with each Sacco society giving two key informants although only forty eight respondents filled and returned the questionnaires. Data was descriptively analysed by use of percentages and frequencies while the findings were presented by the use of tables, graphs and pie-charts.

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