

24. Corporate governance and financial performance of deposit taking savings and credit cooperative societies in Meru County.

Eva Kanini Tharamba^{1*}, Gabriel Waweru¹ and Shano Mohammed¹

¹School of Business and Economics, Meru University of Science and Technology, Meru, Kenya

Corresponding author email: etharamba@must.ac.ke

Subtheme: Business and Economics - Sustainable Entrepreneurship in Business & Economics for climate resilience

Abstract

Corporate governance is a critical tool for enhancing the performance of Deposit-taking Savings and Credit Cooperative Societies (SACCOs) and ensuring they meet their members' economic and social needs. Properly structured cooperatives can contribute to equitable development and justice. However, a significant challenge facing these SACCOs is the issue of corporate governance. Some have faced mismanagement problems, resulting in the cessation of their operations. This study aimed to establish the relationship between corporate governance and financial performance of Deposit-taking SACCOs in Meru County, focusing on the impact of transparency. The study population was 92 directors. A sample of 75 directors was selected using stratified random sampling on the basis of proportional allocation. Closed ended questionnaires were used to collect primary data. secondary data collected using....from the SACCO supervision annual report. The findings disclosed a significant association between transparency and financial performance of Deposit Taking SACCOs. In addition, the study found that these SACCOs had effectively managed their liquidity, retaining funds for reinvestment rather than distributing all profits as dividends. The study recommends that Deposit-Taking SACCOs should engage with their customers frequently to keep them informed of the SACCO's progress and involve them in governance through transparent voting process of board of directors into office

Keywords: *Corporate governance, SACCOs, Financial performance*