Onyim, C., Wanjare, J., Ooko, J. & Oluoch, M. (2017), Corporate Governance Practices and Financial Performance of Deposit Taking Saccos in Western Kenya. *Scholars Journal of Economics, Business and Management*, ISSN 2348-5302, 4(3):195-212

Abstract:
The study sought to find out the relationship between corporate governance practices and financial performance of Deposit taking Saccos in Western Kenya. The objectives that guided the study were CEO duality, Board size, board independence, and disclosure levels. The study population was the deposit taking Saccos in Western Kenya. Western Kenya was taken to be the counties comprising of Migori, Homabay, Kisii, Nyamira, Kisumu, Siaya, Busia, Kakamega, Vihiga and Bungoma. The study employed cross-sectional survey design. The data was collected by use of questionnaires, and secondary data analysis. The data was analyzed using S.P.S.S (Statistical Package for Social Sciences) and thereafter presented by use of statistical means. The study found out that all the deposit taking Saccos in Western Kenya had a clear separation of authority with respect to the executive function. CEOs were therefore, involved in the day-to-day management of the firms‟ operations while the boards were tasked with policy formulation and decision-making. The study also found out that shareholders elect and remove the members of the board with a mean of 4.253 and standard deviation of .874. The study shows that respondents were for the idea that Directors are required to declare their interests in entities doing business with the organization, the books of accounts are prepared in the organization, the organization employs external auditors and that the organization restricts insider trading. The organization carries out due diligence had a mean of 3.968 and standard deviation of .3964. The books are easily accessible to the intended users within the organization had a mean of 3.862 and standard deviation of .3212. This study proposed that the code of best practice should include the boards to have at least fifty percent of non-executive directors, not one third as stated in the code. It also proposed to select the directors from a register kept by the institute of directors.
In order to have a clear understanding of the risk, and manage the risks identified in a satisfactory manner, it was proposed to appoint risk management committees. Lastly, because of the importance of accountability to other stakeholders, this study recommended the inclusion of interests of other stakeholders in the code of best practice, which would result in share prices responding organizations. The study recommends that

the board size and composition be considered since they affect the financial performance of the DT SACCOs in Western region. Proponents of board independence should note with caution the negative relationship between board independence and future operating performance. DT SACCOs in Western region should be allowed to experiment with modest departures from the current norm of a “supermajority independent” board with only one or two-inside directors. The board needs to comprise of well-educated people since they are actively involved in shaping DT SACCOs in Western regionstrategy. The study recommends that non-executive directors be trained on internal corporate governance mechanisms.