

Abstract:

The study looked into the correlation between corporate governance strategies and the performance of teacher-based Savings and Credit Cooperative Organizations (SACCOs) in the Central Region of Kenya. It delved into four major determinants of corporate governance: board composition, leadership practices, member participation, and financial regulatory compliance. The research filled a significant research gap by providing evidence on the influence of governance weaknesses on small teacher-based SACCOs, including poor oversight, low participation, and heavy regulation. The study adopted a mixed-method approach, using descriptive and explanatory research designs. The target study population was the teacher-based SACCOs in Central Kenya. A total of 384 respondents were identified through stratified and systematic sampling. Data collection was done through structured questionnaires, which were complemented by secondary administrative data in SACCO reports. The data was analyzed using SPSS, which generated descriptive statistics, correlation, and multiple regression to determine the correlation between the governance variables and performance indicators, profitability, liquidity, including and member satisfaction. The findings indicated that the level of participation by the members significantly and positively influenced the performance of SACCOs ($r = 0.612$, $p < 0.05$; $\beta = 0.196$, $p < 0.001$). It also enhanced decision making and accountability. Composition of the board, however, negatively influenced the performance ($r = -0.421$, $p < 0.05$; $\beta = 0.227$, $p < 0.001$). This was attributed to insider control and restricted autonomy. Board leadership practices ($\beta = 0.087$, $p = 0.112$) and financial regulatory compliance ($\beta = 0.003$, $p = 0.958$) were both found to be not statistically significant. Despite this, the findings indicate that the performance of smaller SACCOs was constrained by compliance costs. The regression equation ($R^2 = 0.102$) accounted for 10.2% of the variation in performance, with 4.763 units of baseline performance. The research recommends that the way to fix this is to enhance financial literacy, introduce independent directors, and redefine regulations that would reduce compliance costs. The research presents new findings on corporate governance in teacher-based SACCOs, which is not a well-researched area in Kenya. It uses four theories: Agency, Stewardship, Stakeholder, and Resource Dependence, to describe performance results. The results provide practical advice to SACCO leaders and regulators like SASRA and policymakers. Enhancement of governance structures will foster sustainable performance, financial inclusion, and the welfare of members.

Key words:

Corporate Governance, Board Composition, Leadership Practices, Financial Regulatory Compliance, Central Kenya, SACCO Performance, And Member Participation.