

CORPORATE GOVERNANCE PRACTICES AND THE ECONOMIC WELL-BEING OF MEMBERS OF PUBLIC TRANSPORT SACCOS IN DAGORETTI SOUTH CONSTITUENCY, NAIROBI COUNTY, KENYA

BY

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Abstract

Members of Savings and Credit Cooperative Societies (SACCOs) are simultaneously the owners of the enterprise, the users of its financial services and the intended beneficiaries of its surplus, which makes governance quality consequential for household economic outcomes and not only for institutional survival. The Kenyan literature on SACCO governance, however, has been built almost entirely around organizational outcomes profitability, capital adequacy, liquidity and regulatory compliance leaving open whether governance is registered in the circumstances of individual members. This study assessed the influence of corporate governance practices on the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency, Nairobi County, Kenya. Guided by a positivist philosophy, it adopted a quantitative approach within an explanatory cross-sectional design. From a target population of 480 members and management representatives across 12 registered and operational Public Transport SACCOs, a sample of 218 was determined using Yamane's formula and selected by multistage proportionate stratified sampling; 207 usable questionnaires were returned (95.0% response rate). Corporate governance was measured through seven indicators board accountability, transparency, board effectiveness, member participation, internal controls, disclosure and oversight of management and economic well-being through seven member-level indicators, both on five-point Likert scales with acceptable internal consistency ($\alpha = .824$ and $\alpha = .854$). Data were analyzed using descriptive statistics, Pearson's correlation and multiple linear regression at the 5% significance level. Respondents agreed that governance practices were in place ($M = 3.90$, $SD = 1.01$), rating internal controls highest ($M = 4.02$) and member participation lowest ($M = 3.71$), and reported positive economic well-being ($M = 3.93$, $SD = 1.00$). Governance correlated positively and significantly with economic well-being ($r = .571$, $p < .01$, $n = 207$). Within a multiple regression model that carried three further management-practice predictors from the parent study and explained 57.9% of the variance in economic well-being ($R^2 = .579$; $F(4, 202) = 68.250$, $p < .001$), corporate governance retained a significant positive partial effect ($\beta = 0.191$, $B = 0.183$, $t = 3.155$, $p = .002$), and the null hypothesis was rejected. Given the cross-sectional design and perceptual measures, the result is read as a significant positive association rather than demonstrated causation. The study supplies member-level evidence from an under-researched segment of Kenya's cooperative sector and indicates that the governance dimensions through which members are incorporated into decision-making are both the weakest in this setting and the most promising site for improvement.

Keywords: corporate governance; economic well-being; Public Transport SACCOs; agency theory; member participation; internal controls; Dagoretti South; Kenya

Introduction

Cooperative financial institutions occupy a substantial place in the architecture of financial inclusion, particularly in economies where conventional banking has left large segments of the working population underserved. Their distinguishing feature is not the services they offer, which frequently resemble those of commercial lenders, but the ownership structure through which those services are delivered: the depositor is also a shareholder, and the borrower a co-owner of the lending institution. The structure carries an implicit promise that the surplus generated by the organization will circulate back to the people who created it and whether that promise is honored depends substantially on how the organization is governed.

Global evidence indicates both the reach of cooperative finance and the salience of governance to it. The International Cooperative Alliance frames the cooperative difference in terms of member benefit rather than institutional scale, and its monitoring work documents the economic and social value members derive from membership (International Cooperative Alliance [ICA], 2023; ICA & European Research Institute on Cooperative and Social Enterprises [Euricse], 2023); the International Labor Organization (2022) locates cooperatives within the broader project of livelihood security. Meanwhile the governance expectations placed on financial institutions have tightened. The G20/OECD Principles of Corporate Governance emphasize effective governance frameworks, equitable treatment of owners, disclosure and transparency, board responsibilities, and resilience (Organization for Economic Co-operation and Development [OECD], 2023). Though drafted for listed corporations, their underlying logic that those who supply capital require mechanisms to monitor those who deploy it applies with at least equal force to member-owned institutions, where the suppliers of capital are numerous, individually

small, and often without the means to scrutinize management unaided.

Across Africa, cooperative governance has become a focus of reform, driven by the recognition that formal structures do not automatically produce governance outcomes. Financial inclusion has expanded appreciably in Sub-Saharan Africa, with formal accounts increasingly used for saving, borrowing and the management of financial risk (World Bank, 2022). Expanded access raises rather than settles the question of institutional quality: a member brought into a formal savings arrangement is exposed to that institution's governance failures in a way that a non-member is not.

Kenya's cooperative sector is among the most developed on the continent, with a comparatively elaborate supervisory apparatus built around it. The SACCO Societies Regulatory Authority supervises regulated societies and reports annually on the sector's condition (SACCO Societies Regulatory Authority [SASRA], 2023b, 2024), and has issued dedicated guidance on corporate governance for regulated SACCO societies, signaling that governance quality is a supervisory priority rather than an incidental matter of internal administration (SASRA, 2023a). Kenyan SACCOs have been documented as significant mobilisers of domestic savings and as vehicles for asset accumulation in areas such as housing finance (Feather & Meme, 2019), and the sector's financial sustainability has been linked to credit management capability and disclosure practice (Maina et al., 2020; Mathuva & Kiweu, 2016).

Within this sector, Public Transport SACCOs constitute a distinctive and comparatively neglected category. They combine two functions that are usually institutionally separate: the coordination of a commercial transport operation and the provision of cooperative financial services. They organize route allocation, fleet coordination and compliance with transport-sector requirements, while simultaneously mobilizing savings, extending credit and administering

welfare schemes for their members. The Ministry of Roads and Transport (2023) has recognized transport SACCOs as instruments of self-regulation and improved accountability within the Matatu industry, and the National Transport and Safety Authority (2023) maintains the licensing and compliance architecture within which they operate. Their membership is heterogeneous in a way that complicates governance: vehicle owners with substantial capital at stake, drivers and conductors whose livelihoods depend on daily operations, and transport-sector entrepreneurs with interests in both. The economic exposure of these groups to SACCO decisions is direct and immediate, and their capacity to monitor those decisions is uneven.

Nairobi County hosts the largest concentration of SACCOs in Kenya and presents the sector's governance challenges in concentrated form: rising operating costs, fuel price volatility, congestion, technological change, intensifying competition and evolving regulatory requirements place considerable strain on management capability, and boards must balance commercial sustainability against member expectations and regulatory obligation. Dagoretti South Constituency offers a well-defined setting in which to examine the question. Covering approximately 25.3 square kilometers in western Nairobi and comprising the wards of Mutu-ini, Uthiru / Ruthimitu, Waithaka, Riruta and Ngando, it sits within the metropolitan transport network and supports dense commuter flows between residential neighborhoods and the city's commercial centers. Public Transport SACCOs operating these corridors provide employment, coordinate income-generating activity, and administer the savings and credit arrangements on which a substantial number of households depend. Corporate governance, in the cooperative setting, has to be understood somewhat differently from the way it is understood in the investor-owned firm. In a listed company the governance problem is principally one of protecting dispersed

shareholders from managerial discretion. In a SACCO the problem is compounded: members are owners, but they are also customers and beneficiaries, and these roles can generate conflicting preferences a member seeking cheap credit and a member seeking a high return on deposits are the same person wearing different hats. Governance mechanisms in this setting must therefore do more than restrain management; they must also mediate among member interests, sustain the democratic character of the organization, and maintain the informational conditions under which members can exercise ownership meaningfully. Board accountability, transparency in decision-making, board effectiveness, member participation, internal controls, and disclosure of information and oversight of management are the specific mechanisms through which this work is done, and they constitute the operational content of corporate governance in the present study.

Members' economic well-being, correspondingly, refers to the material circumstances that membership is supposed to improve: income, savings capacity, access to credit and other financial services, asset accumulation, financial security, the ability to meet personal and household financial obligations, and access to economic opportunities. The distinction between this construct and organizational performance is not merely definitional. A SACCO may report healthy financial results while its members experience stagnant incomes, restricted credit or eroded confidence outcomes are related but not identical, and the relationship between them is precisely what requires empirical examination rather than assumption.

The contribution is threefold: empirically, the article supplies member-level evidence on a relationship the Kenyan literature has approached almost exclusively at institutional level; contextually, it reports from Public Transport SACCOs in a specific urban constituency for which comparable evidence is not currently

available; and theoretically, it treats governance mechanisms as the pathway through which a member-owned organization protects and advances the economic interests of its owners, considering what the pattern of findings implies for agency reasoning in cooperative settings.

Statement of the Problem

Public Transport SACCOs are expected to improve the economic circumstances of their members through savings mobilization, affordable credit, investment opportunity and financial inclusion. Corporate governance is the mechanism through which that expectation is meant to be secured. Accountable boards, transparent decision-making, effective oversight of management, functioning internal controls, adequate disclosure and meaningful member participation are the arrangements by which members' pooled resources are protected from misuse and directed toward member benefit. Where these arrangements are weak, the resources at risk are not institutional abstractions but members' savings, their access to credit, and the income streams on which their households depend.

The difficulty is that the empirical basis for this expectation rests on a substitution. Studies and sector reports have concentrated on organizational outcomes financial performance, liquidity, capital adequacy, governance structure and regulatory compliance and have treated improvements in these as evidence of benefit to members. That inference is plausible but unverified. Strong institutional performance does not distribute itself automatically or evenly across a membership, and a society can be financially sound while particular categories of member experience little improvement in income, savings or financial security. Limited empirical evidence therefore exists on whether corporate governance practices translate into measurable improvements in members' own economic circumstances.

A contextual limitation compounds the empirical one. Most of the available Kenyan evidence concerns deposit-taking or conventional SACCOs, whose membership, cash-flow patterns and regulatory obligations differ appreciably from those of Public Transport SACCOs. Transport societies handle high-frequency daily cash flows, serve members whose interests diverge by category, and operate under transport-sector as well as cooperative-sector regulation. Governance arrangements that function adequately in a deposit-taking society may operate differently in this environment. The problem is particularly consequential in Dagoretti South Constituency, where Public Transport SACCOs support mobility, employment, savings and credit access for a substantial population, and where no empirical evidence presently exists on whether governance quality is registered in members' economic well-being. This study was undertaken to supply that evidence.

Literature Review

Corporate Governance Practices

Corporate governance denotes the structures, processes, policies and relationships through which an organization is directed, controlled and held accountable to its owners and other stakeholders. The classical formulation how those who supply capital ensure that those who deploy it act in their interest originates in the separation of ownership from control and remains the field's organizing concern. What has changed in recent scholarship is the scope of what governance is understood to do. Contemporary treatments position it less as a compliance obligation discharged through the existence of prescribed structures and more as an organizational capability that shapes decision quality, risk management, institutional sustainability and the creation of stakeholder value (OECD, 2023).

Four clusters of practice recur in this literature and correspond to the indicators used in the present study. *Board effectiveness* concerns the board's

capacity to provide strategic direction, supervise management, monitor performance and safeguard organizational assets; the empirical record cautions against treating any single structural attribute as uniformly beneficial, since the performance consequences of board characteristics vary with institutional context, which implies that governance quality cannot be read off composition alone. *Accountability and transparency* are interdependent: accountability without information is nominal, and information without a mechanism for acting on it is inert. Kenyan evidence indicates that board accountability and financial disclosure function as distinguishable mechanisms with distinguishable effects (Maingi & Kobuthi, 2024). *Internal control and risk oversight* establish the procedures through which assets are safeguarded, resource misuse prevented and financial information rendered reliable; where controls are weak, the losses fall on the owners. *Participation* completes the set, and in cooperatives it is constitutive rather than residual: members elect the board and approve major decisions in general meeting, holding a democratic claim on the organization's direction that does not vary with the size of their shareholding.

Corporate Governance in Cooperative and SACCO Organizations

Cooperative governance is not corporate governance applied to a different legal form. The cooperative identity member ownership, democratic control, member economic participation, autonomy and education establishes different governance objectives and a different standard of judgement (ICA, 2023). Novkovic (2022) argues that cooperative identity should serve as a yardstick for transformative change rather than as a residual descriptor, and Novkovic and Puusa (2022) analyses the cooperative's dual nature association and enterprise as productive complementarity rather than irresolvable paradox. Governance is the mechanism holding the two in

relation: the enterprise must be commercially viable, and the association must retain control of it.

This dual nature generates problems with no exact analogue in the investor-owned firm. Members are owners, users and beneficiaries at once, and these roles do not yield a single coherent set of preferences: a member seeking cheap credit and a member seeking a high return on deposits have opposed interests in loan pricing though both own the same institution. Governance must therefore mediate among members as well as between members and management. Further, the individual member's stake is typically small relative to the cost of monitoring, producing a collective action problem in which rational members under-invest in oversight and boards acquire wider effective discretion than the formal structure suggests. Participation mechanisms and disclosure requirements exist partly to lower monitoring costs and thereby make oversight rational for the individual member.

In Kenya these problems take specific institutional form. SASRA's guidance on corporate governance for regulated SACCO societies addresses board composition and conduct, accountability arrangements, internal control expectations and disclosure obligations, reflecting a supervisory judgement that governance quality requires external specification (SASRA, 2023a). Disclosure practice has been shown to relate to financial outcomes in Kenyan SACCOs (Mathuva & Kiweu, 2016), and credit management capability to financial sustainability (Maina et al., 2020).

Public Transport SACCOs present the cooperative governance problem in intensified form. Their revenues arrive as high-frequency cash, which raises the value of internal controls and the cost of their absence. Their membership is stratified by economic role vehicle owners, drivers, conductors, transport entrepreneurs with materially different exposure to management

decisions. They operate under cooperative and transport-sector regulation simultaneously (Ministry of Roads and Transport, 2023; National Transport and Safety Authority, 2023), and discharge a public service function alongside their commercial and cooperative ones. Boards in this environment face a coordination task considerably more demanding than that facing a deposit-taking society with a homogeneous salaried membership.

Theoretical Foundation: Agency Theory

The study is anchored in agency theory. Jensen and Meckling (1976) formulated the agency relationship as one in which a principal delegates decision-making authority to an agent, and identified the costs arising because the parties' interests diverge and because the agent typically holds better information about operations than the principal does. Information asymmetry creates scope for moral hazard, adverse selection and other opportunism; monitoring, bonding and residual loss are the costs of managing that scope. Governance mechanisms board oversight, accountability requirements, transparency obligations, internal controls and audit are, in this framework, the institutional technology for aligning agent behaviour with principal interest, and the framework continues to be productive in contemporary research on board effectiveness, executive accountability and reporting quality (Al-Faryan, 2024).

The application to SACCOs is direct and in one respect more apt than the application to listed firms. Members collectively own the society but delegate strategic and operational management to an elected board and professional managers; members are the principals, boards and managers the agents. The delegation is unavoidable a society with hundreds of members cannot be managed by all of them and creates precisely the informational and incentive conditions agency theory describes. Members contribute savings and share capital, depend on the society for credit and welfare services, and rely on governance

mechanisms to ensure that those entrusted with management act in their interest rather than their own.

The theory does more than justify the study's variables; it predicts both direction and mechanism. If governance mechanisms function as agency theory describes, stronger oversight, more rigorous accountability, greater transparency, functioning controls and effective participation should reduce agency costs, improve stewardship of members' resources and thereby improve the economic outcomes members derive from membership. A positive, significant coefficient is what agency reasoning predicts; the magnitude of that coefficient, given the indirectness of the pathway described above, is a further matter for interpretation.

Agency theory also carries limitations that are material in cooperative settings and that inform the discussion below. It assumes actors are primarily rational and self-interested, and therefore accords limited weight to trust, reciprocity, organizational culture and collective interest dispositions cooperatives are explicitly founded upon and that plausibly do some of the work agency theory attributes to monitoring. It also privileges the internal principal-agent relationship over the wider institutional environment. Contemporary treatments accordingly recommend supplementing it with perspectives addressing organizational capability and institutional pressure (Al-Faryan, 2024); the parent study drew on the resource-based view (Barney, 1991) and institutional theory (Scott, 2014) for that purpose. For the relationship examined here, agency theory supplies the most direct and most testable explanation and is retained as the sole theoretical anchor.

Empirical Literature

Kenyan research on SACCO governance has converged on a consistent finding at institutional level. Mugilwa et al. (2024) analyzed panel data from 163 deposit-taking SACCOs,

operationalizing governance through board size, independence, financial expertise, diversity and activity, and reported a statistically significant positive relationship with financial performance. The panel design is a methodological strength: observing institutions over successive periods avoided reliance on perceptions recorded at a single point. Its dependent variable, however, is institutional financial performance and its population deposit-taking societies, so it establishes that governance matters for institutions of a particular type without establishing that it registers in members' circumstances.

Maingi and Kobuthi (2024) examined board independence, accountability, audit committees and financial disclosure among SACCOs in Nairobi County and found the first three significantly and positively related to financial performance while disclosure was positive but not significant. This differentiated result is analytically useful: it indicates that governance mechanisms are not interchangeable, and that the formal provision of information does not by itself produce the effects attributed to transparency unless coupled with mechanisms through which members can act on it. The finding anticipates an issue that recurs in the present descriptive results. Mwajedi et al. (2022) examined board meetings, composition and size in relation to SACCO performance in Nairobi County and reported significant associations while also finding that individual mechanisms produced different effects, reinforcing the view that governance operates as a configuration rather than a single lever. Kihara and Bett (2023) examined stakeholder involvement, board composition, organizational structure and the control environment among deposit-taking SACCOs in the same county and found a positive effect on performance; the inclusion of stakeholder involvement is notable because it brings participation explicitly into the governance construct. Karimi and Maina (2025) reported that board diversity, independence,

meetings and transparency were important to SACCO performance, and Ngoda and Kising'u (2024) reached compatible conclusions examining governance mechanisms among Nairobi societies. Lennah and Bett (2023) examined board independence, composition, ethical considerations and board policies and procedures among selected Nairobi SACCOs and concluded that governance practices were important in explaining performance, while Otieno and Karihe (2024) examined board diversity and composition in relation to the organizational performance of deposit-taking societies. Evidence from Trans Nzoia County using a census approach reinforced the importance of clearly defined governance responsibilities, independent oversight and effective audit committees (Wafula & Miroga, 2024).

Beyond Kenya the pattern holds with contextual variation. Evidence from employee-based savings and credit cooperatives in Nigeria, drawn from 295 members across six societies and analyzed using structural equation modeling, indicated that committee leadership, member economic participation, innovation and internal controls were each associated with improved cooperative performance, with management committee effectiveness strongest among the predictors examined (Iyiola&Azuh, 2022). Evidence from SACCOs in southwestern Uganda, based on a cross-sectional design and 109 respondents, found governance to be a statistically significant predictor of performance in multivariate analysis (Turyasingura & Agaba, 2023). Regional work on East African frontier markets found board structure not uniformly associated with performance smaller boards were associated with improved outcomes in some specifications while aspects of board diversity contributed positively indicating that the relationship is context-dependent rather than mechanical (Khanchel et al., 2020).

Research Gap

The empirical gap concerns the outcome variable. The reviewed literature establishes that corporate governance is associated with the financial and organizational performance of SACCOs, but not that governance quality is registered in members' income, savings capacity, credit access, asset accumulation or financial security. The step from institutional performance to member welfare has been treated as self-evident. It is not: the two are distinguishable constructs, and the transmission between them runs through distributional decisions that governance itself conditions. This study specifies members' economic well-being as the dependent variable and measures it directly at member level.

The contextual gap concerns the population. Kenyan evidence is concentrated in deposit-taking and conventional SACCOs, whose membership composition, cash-flow characteristics and regulatory obligations differ from those of Public Transport SACCOs. No identified study has examined the governance–member welfare relationship among Public Transport SACCOs, and none has done so within Dagoretti South Constituency. This study draws its sample from 12 registered and operational societies serving the constituency's transport corridors.

The methodological gap concerns the respondents. Studies relying on senior managers, board members or officials capture the perspective of those who exercise governance rather than those on whose behalf it is exercised. This study draws respondents from across three levels of management and membership representation, so that the assessment of governance and the report of economic outcomes come from a broader range of organizational positions, including those closest to ordinary membership.

Conceptual Framework

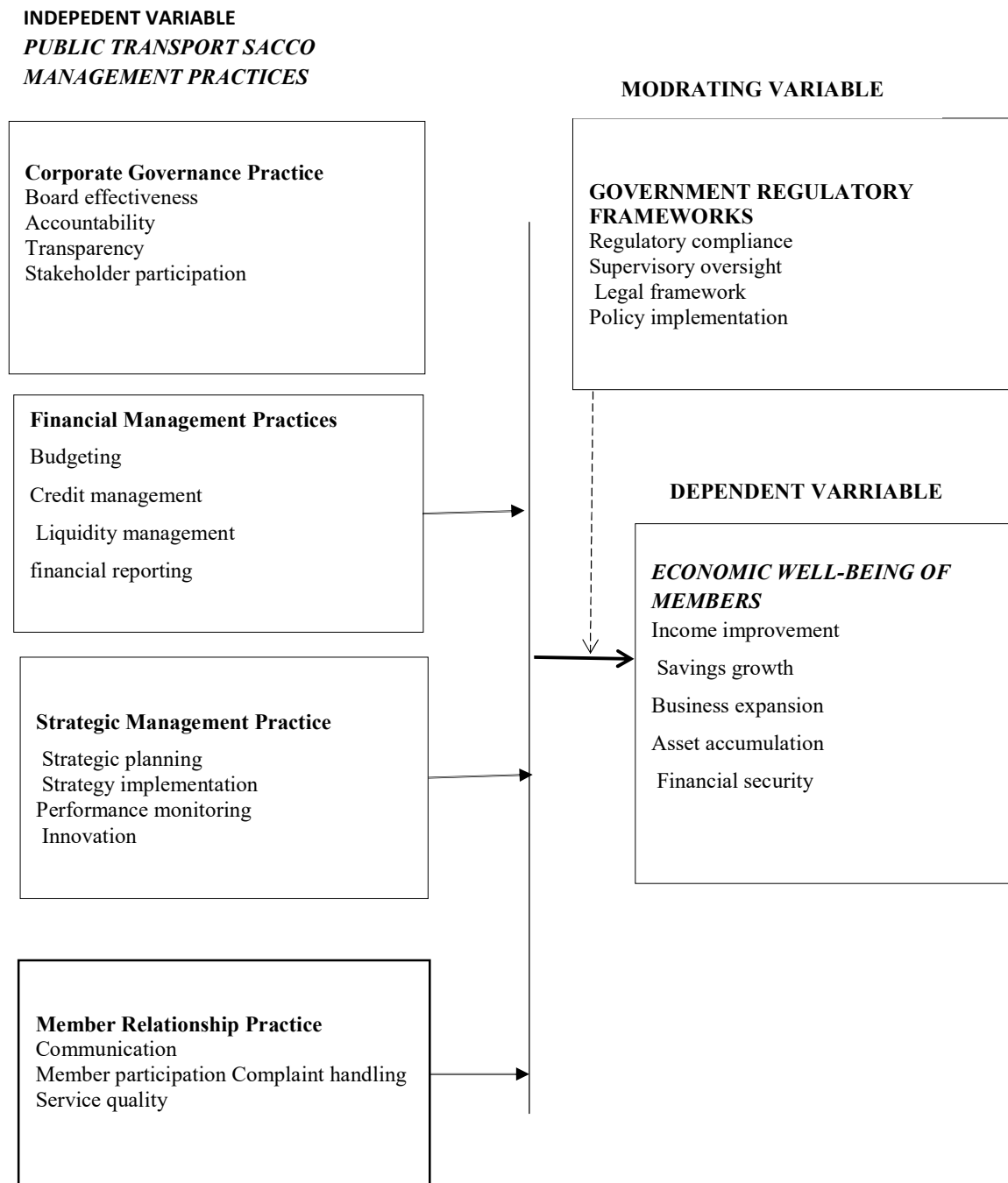
The conceptual framework specifies a single directional relationship between one independent and one dependent construct.

The independent variable, corporate governance practices, is operationalized through seven indicators drawn from the study instrument: board accountability to members; transparency in management and decision-making; board effectiveness in performing its roles and responsibilities; member participation in important decision-making processes; internal controls promoting accountability and proper use of resources; disclosure of adequate and timely information on operations and performance; and board oversight of the activities and performance of SACCO management.

The dependent variable, economic well-being of members, is operationalized through seven indicators: improvement in income and overall financial situation; savings capacity and financial planning; access to credit and other financial services; acquisition and accumulation of personal and productive assets; financial security and capacity to cope with financial challenges; ability to meet personal and household financial obligations; and creation or improvement of economic opportunities.

The framework posits that variation in corporate governance practices is associated with variation in members' economic well-being, and that the association operates through the reduction of agency costs and the improved stewardship of member resources described in Section 2.4. No other constructs enter the framework of this article.

Figure 1: Conceptual Framework



Source: Researcher (2025)

Hypothesis

The study tested the null hypothesis corresponding to its objective, at the 5% level of significance:

H₀₁: Corporate governance practices have no significant influence on the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency.

Methodology

Research Philosophy and Approach

The study was guided by positivism the position that social phenomena can be observed, measured and analyzed through procedures analogous to those of the natural sciences, and that explanation proceeds through the empirical testing of theoretically derived propositions. This was appropriate because the study sought to establish whether a theoretically anticipated relationship could be observed, quantified and tested for significance, rather than to interpret the meanings members attach to governance. A quantitative approach followed: the constructs were operationalized into measurable indicators, responses recorded numerically on a common scale, and the relationship examined using statistical procedures (Creswell & Creswell, 2022).

Research Design

An explanatory cross-sectional design was used. The explanatory element was appropriate because the study sought to move beyond describing the prevalence of governance practices to examining how variation in those practices relates to variation in members' economic outcomes; the cross-sectional element reflects collection of data at a single point in time. The design's inferential limits are stated here rather than left to the limitations section: because it is non-experimental, involves no manipulation of the independent variable and includes no repeated observation, its results support statements about association, explanatory relationship and predictive influence, but not about causation in the experimental sense. The language used throughout the results and discussion has been chosen accordingly.

Study Area

The study was conducted in Dagoretti South Constituency, Nairobi City County, Kenya. The constituency covers approximately 25.3 square kilometers in the western part of the county and

comprises five electoral wards Mutu-ini, Uthiru / Ruthimitu, Waithaka, Riruta and Ngando bordering Dagoretti North, Kibra, Lang'ata, Kabete and Kikuyu. It is an urban and peri-urban zone characterized by residential, commercial, informal and transport-related economic activity, and its position within the wider Nairobi transport network, together with the concentration of Public Transport SACCO operations along its corridors, made it an appropriate setting for the investigation.

Target Population

The target population comprised 480 members and management representatives affiliated with 12 registered and operational Public Transport SACCOs serving the Dagoretti South transport corridors, enumerated from records obtained from the participating societies: Dakika, 2BT, MAT2, Super Metro, Safeline, Kawangware, Star Bus Limited, Citi Hoppa, Ukika, City Shuttle, KBS Limited and 2NK SACCO Society Limited, with individual populations ranging from 18 to 70. Respondents were drawn from three levels of management and membership representation, so that different degrees of involvement in governance and operations were represented.

Sample Size and Sampling Procedure

The sample size was determined using Yamane's (1967) formula for a known finite population at a specified level of precision. Applying the formula to a target population of 480 at a 5% margin of error and 95% confidence level yielded a required sample of 218 respondents after rounding.

The sample was allocated proportionately across the 12 societies, each contributing respondents in proportion to its share of the target population, with allocations ranging from 8 to 32. Selection proceeded through multistage proportionate stratified sampling: at the first stage the population was stratified by society, the 12 societies constituting the primary strata because they differed in size; at the second stage

respondents within each society were further stratified by the three levels of management and membership representation, so that the sample captured variation both across societies and across positions within them. Respondents were then selected from the resulting strata using society membership and management records as sampling frames. Stratification of this kind improves representation where a population comprises identifiable subgroups of unequal size (Creswell & Creswell, 2022; Taherdoost, 2016).

Data Collection Instrument

Primary data were collected using a structured, self-administered questionnaire of closed-ended items organized into sections corresponding to the study variables and respondent characteristics. Two sections are relevant here. The corporate governance section comprised seven items measuring board accountability to members,

transparency in management and decision-making, board effectiveness, member participation in important decisions, internal control systems, disclosure of adequate and timely information, and board oversight of management. The economic well-being section comprised seven items measuring improvement in income and overall financial situation, capacity to save and plan, access to credit and other financial services, asset acquisition and accumulation, financial security, ability to meet personal and household financial obligations, and creation or improvement of economic opportunities.

All items were rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), and composite scores were computed from the constituent items of each construct for correlation and regression analysis. Table 1 summarizes the operationalization.

Table 1
Operationalization and Measurement of the Study Constructs

Construct	Role	Indicators	Items	Scale	Analysis
Corporate governance practices	Independent (X ₁)	Board accountability; transparency in decision-making; board effectiveness; member participation; internal controls; disclosure of information; oversight of management	7	Five-point Likert	Descriptive statistics; Pearson correlation; multiple regression
Economic well-being of members	Dependent (Y)	Income improvement; savings capacity; access to credit and financial services; asset accumulation; financial security; ability to meet financial obligations; economic opportunities	7	Five-point Likert	Descriptive statistics; Pearson correlation; multiple regression

Note. Adapted from the operationalization table of the source study.

Validity

Content validity was established through expert review. The questionnaire was developed from the theoretical and empirical literature and organized so that items corresponded to the conceptual definitions and indicators of each construct. It was

reviewed by the research supervisors and other reviewers with relevant methodological and subject expertise, who assessed the clarity, relevance, adequacy, wording, sequencing and completeness of the items and their correspondence with the study objectives;

ambiguous, repetitive or irrelevant items were revised or removed before piloting. Construct validity was pursued through theoretical grounding, explicit operationalization, alignment of items with identified indicators, construct-specific sectioning, expert review and pilot testing. It should be recorded that no factor analysis was conducted; the source study did not undertake one, and the validity claims made here are limited to the procedures actually performed.

Reliability

Internal consistency was assessed using Cronbach's alpha, computed on data from a pilot study at Embassava SACCO in Embakasi, Nairobi County. Embassava was purposively selected because it operates in the public transport SACCO sector and its members share relevant characteristics with the target respondents, and was excluded from the main study so that pilot participants did not appear in the final sample. A coefficient of .70 or above was treated as acceptable. Corporate governance practices returned $\alpha = .824$ across seven items and economic well-being $\alpha = .854$ across seven items, both exceeding the threshold; the instrument as a whole, comprising 42 items across all constructs of the parent study, returned $\alpha = .830$.

Data Collection Procedure

Authorization was obtained from the relevant authorities and from the management of the participating societies before fieldwork began. Respondents were informed of the purpose of the study, the information sought and the voluntary character of participation, and questionnaires were administered only to those who agreed to take part; the researcher monitored administration and provided clarification without influencing responses. Completed instruments were checked for completeness and consistency before coding. Of the 218 questionnaires distributed, 207 were completed, returned and found suitable for analysis, while 11 were not returned or were incomplete a response rate of 95.0%.

Data Analysis

Data were coded, cleaned and analyzed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics frequencies, percentages, means and standard deviations were used to summarize respondent characteristics and responses to the construct items. Mean scores were interpreted using the following ranges: 1.00–1.80 (Strongly Disagree), 1.81–2.60 (Disagree), 2.61–3.40 (Neutral), 3.41–4.20 (Agree) and 4.21–5.00 (Strongly Agree).

Inferential analysis proceeded in two stages. Pearson's product-moment correlation was used to establish the direction, strength and significance of the association between corporate governance practices and members' economic well-being. Multiple linear regression was then used to estimate the partial influence of corporate governance practices on economic well-being. The specification requires an explicit statement, since this article reports one coefficient from a model estimated with several predictors. The source study estimated:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

where Y is the economic well-being of members, X_1 is corporate governance practices, X_2 – X_4 are three further management-practice variables examined in the parent study, β_0 is the constant, β_1 – β_4 the regression coefficients and ε the error term. The coefficient reported in this article, β_1 , is therefore the estimated *partial* effect of corporate governance practices, holding the other three predictors constant. It is not a bivariate regression coefficient, and no bivariate regression of economic well-being on corporate governance was estimated. The model summary and ANOVA statistics in Section 4.6 likewise pertain to the full four-predictor model and are reported solely to establish the statistical context in which the governance coefficient was obtained; the coefficients of the other three predictors fall outside the scope of this article and are not reported or discussed. Reporting the governance

coefficient without disclosing the specification it comes from would misrepresent the analysis, and reconstructing a simpler model that was never estimated would misrepresent it differently.

Prior to inferential analysis, diagnostic tests were conducted to assess the assumptions underlying regression: normality of residuals (Shapiro–Wilk test with histogram and Normal P–P plot inspection), linearity (scatterplot of standardized predicted values against standardized residuals), multicollinearity (tolerance and variance inflation factor), homoscedasticity (residual scatterplot) and independence of errors (Durbin–Watson statistic). All tests were evaluated at the 5% level of significance ($\alpha = 0.05$); the null hypothesis was rejected where the associated p-value was less than or equal to .05.

Ethical Considerations

Institutional and administrative authorization was obtained before data collection commenced. Participation was voluntary; respondents were informed that they could decline or withdraw at any time without penalty, and informed consent was secured before administration. The questionnaire collected only information necessary for the study and excluded unnecessary personally identifying details; responses were treated confidentially, aggregated for analysis and presentation, and used solely for academic purposes. Data were handled responsibly through coding, analysis, interpretation and reporting, and findings were reported as obtained, without fabrication, falsification or misrepresentation. The privacy, dignity and autonomy of respondents were respected throughout.

Results

Response Rate

A total of 218 questionnaires were distributed to the sampled respondents across the 12 participating Public Transport SACCOs. Of these, 207 were completed, returned and found suitable for analysis, while 11 were not returned or were

incomplete and were excluded. The usable response rate was therefore 95.0%. All analyses reported below are based on these 207 cases.

Respondent Characteristics

Respondents were predominantly male (166, 80.0%), with 41 female respondents (20.0%) a distribution consistent with a sector in which participation in operational, supervisory and management roles has historically been male-dominated, though the inclusion of female respondents ensured both genders were represented.

The largest age group was 30–39 years (83, 40.0%), followed by 40–49 years (58, 28.0%), 20–29 years (41, 20.0%) and 50 years and above (25, 12.0%); 68.0% fell within the 30–49 bracket, indicating a sample drawn predominantly from economically active members likely to have direct experience of SACCO operations and of the financial outcomes of membership. On education, 101 respondents (48.8%) had attained secondary or high school education, 48 (23.2%) tertiary or college, 41 (19.8%) university and 17 (8.2%) other qualifications a membership with varied but generally adequate capacity to assess the governance and financial matters the instrument addressed.

Respondents were distributed across three levels of management and membership representation: middle level (100, 48.3%), lower or operational level (77, 37.2%) and top level (30, 14.5%). The predominance of middle- and lower-level respondents bears on interpretation, since respondents at these levels are closer to ordinary membership and to the day-to-day experience of SACCO services than the board members and senior officials whose perspective dominates much of the existing literature. All 12 societies were represented, with individual contributions ranging from 10 respondents (4.8%) to 26 (12.6%), so the findings do not rest on the governance experience of any single society.

Descriptive Results for Corporate Governance Practices

Respondents rated seven statements concerning the corporate governance practices of their

societies. Table 2 presents the response distributions, means and standard deviations.

Table 2

Descriptive Statistics for Corporate Governance Practices (n = 207)

#	Statement	SD	D	N	A	SA	M	SD
1	The SACCO board is accountable to members for its decisions and actions	3.9	5.8	11.6	45.4	33.3	3.98	0.99
2	The SACCO maintains transparency in its management and decision-making processes	4.8	7.7	14.5	43.0	30.0	3.86	1.05
3	The SACCO board effectively performs its roles and responsibilities	3.4	6.8	13.0	47.3	29.5	3.93	0.97
4	Members are adequately involved in important SACCO decision-making processes	6.3	9.7	16.9	41.1	26.1	3.71	1.12
5	The SACCO has effective internal controls that promote accountability and proper use of resources	2.9	5.3	11.1	48.8	31.9	4.02	0.91
6	The SACCO provides members with adequate and timely information concerning its operations and performance	5.3	8.7	15.5	42.0	28.5	3.80	1.08
7	The SACCO board effectively oversees the activities and performance of SACCO management	3.4	6.3	12.1	46.4	31.9	3.97	0.96
	Aggregate						3.90	1.01

Note. Response categories are reported as percentages of n = 207: SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree. Corresponding frequencies are reported in the source study. All item means fall within the “Agree” interpretive band (3.41–4.20). Source: source study field data.

The aggregate mean of 3.90 (SD = 1.01) falls within the “Agree” band, indicating that respondents generally perceived corporate governance practices to be in place within their societies. The aggregate standard deviation of 1.01 indicates moderate dispersion: agreement was general but not uniform, and a non-trivial minority dissented on each item.

The internal ordering of the items is more informative than the aggregate. Internal controls promoting accountability and proper use of resources attracted the highest mean (M = 4.02, SD = 0.91) and the lowest dispersion of any item, with 80.7% agreeing or strongly agreeing and only 8.2% disagreeing. Board accountability to members followed (M = 3.98, SD = 0.99), then

board oversight of management (M = 3.97, SD = 0.96) and board effectiveness in performing its roles (M = 3.93, SD = 0.97). These four items all concerning the internal machinery of control and supervision cluster at the top of the distribution with comparatively tight dispersion.

The three lowest-rated items concern instead the interface between the society and its members. Transparency in management and decision-making returned M = 3.86 (SD = 1.05); provision of adequate and timely information returned M = 3.80 (SD = 1.08); and member involvement in important decision-making processes returned the lowest mean in the set, M = 3.71 (SD = 1.12), with 16.0% disagreeing or strongly disagreeing and a further 16.9% neutral. Dispersion rises

monotonically as the mean falls across these items, the standard deviation on participation (1.12) being the highest recorded respondents' experience of participation varied considerably more than their experience of internal controls.

The pattern is coherent: the governance mechanisms boards and managers operate directly

were rated most favorably and most consistently, while those requiring the active incorporation of members into governance were rated least favorably and with the greatest variation. Its implications are taken up in the discussion.

Descriptive Results for Economic Well-Being of Members

Table 3 presents the corresponding descriptive results for the dependent construct.

Table 3

Descriptive Statistics for Economic Well-Being of Members (n = 207)

#	Statement	SD	D	N	A	SA	M	SD
1	My membership in the SACCO has contributed to an improvement in my income and overall financial situation	3.9	6.8	13.0	46.4	30.0	3.92	1.00
2	The SACCO has enhanced my capacity to save and plan for future financial needs	3.4	6.3	11.6	47.8	30.9	3.96	0.97
3	Through the SACCO, I have improved access to credit and other financial services	2.9	5.3	9.7	49.8	32.4	4.04	0.89
4	My participation in the SACCO has contributed to the acquisition or accumulation of personal and productive assets	4.3	7.7	14.0	44.9	29.0	3.87	1.05
5	My membership in the SACCO has improved my financial security and ability to cope with financial challenges	3.9	7.2	12.6	46.4	30.0	3.91	1.01
6	The financial benefits and services provided by the SACCO have improved my ability to meet personal and household financial obligations	3.4	6.8	12.1	47.3	30.4	3.94	0.99
7	My participation in the SACCO has created or improved economic opportunities for me	4.3	8.2	13.5	45.4	28.5	3.86	1.06
	Aggregate						3.93	1.00

Note. Response categories are reported as percentages of n = 207: SD = Strongly Disagree; D = Disagree; N = Neutral; A = Agree; SA = Strongly Agree. Corresponding frequencies are reported in the source study. All item means fall within the "Agree" interpretive band (3.41–4.20). Source: source study field data.

The aggregate mean of 3.93 (SD = 1.00) indicates that respondents generally regarded membership as having improved their economic circumstances, and the internal ordering again repays attention. Access to credit and other financial services recorded the highest mean (M = 4.04, SD = 0.89) the highest single item across both constructs, and the one with the lowest dispersion with 82.2%

agreement or strong agreement. Savings capacity followed (M = 3.96), then ability to meet personal and household financial obligations (M = 3.94), income improvement (M = 3.92) and financial security (M = 3.91).

The two lowest means attach to asset accumulation (M = 3.87, SD = 1.05) and the creation or improvement of economic

opportunities ($M = 3.86$, $SD = 1.06$). Both remain within the “Agree” band, but the ordering is what one would expect of a financial cooperative: the benefits most immediately and reliably delivered are transactional credit access, savings facility, liquidity for obligations while those requiring the conversion of financial access into durable economic position are realized less uniformly and depend on factors beyond the society’s control. As

with the governance construct, dispersion is highest on the lowest-rated items.

Correlation Analysis

Pearson’s product–moment correlation was computed between the composite scores for corporate governance practices and economic well-being of members. Table 4 presents the result.

Table 4

Pearson Correlation between Corporate Governance Practices and Economic Well-Being of Members

Variable	Statistic	Economic well-being of members
Corporate governance practices	Pearson correlation (r)	.571**
	Significance	$p < .01$
	n	207

Note. ** Correlation is significant at the .01 level (two-tailed). Source: source study field data.

Corporate governance practices were positively and significantly associated with members’ economic well-being, $r = .571$, $p < .01$, $n = 207$. The positive coefficient indicates that higher perceived governance quality accompanies higher reported economic well-being, and its magnitude places the association in the moderate-to-strong range by conventional criteria. Squaring the coefficient indicates that approximately 32.6% of the variance in reported economic well-being is shared with variation in perceived governance at the bivariate level substantial, though necessarily inclusive of any influence of variables correlated with both constructs, which is why the multivariate treatment below is required.

Regression Analysis

Diagnostic Tests

Diagnostic tests were conducted before estimation. The Shapiro–Wilk test on the regression residuals returned $W = 0.987$, $p = .067$; since p exceeded .05, the assumption of normally distributed residuals was not rejected, and inspection of the histogram and Normal P–P plot of standardized residuals was consistent with this conclusion. Examination of the scatterplot of

standardized predicted values against standardized residuals showed residuals randomly distributed about the zero line with no systematic curvilinear pattern, supporting the linearity assumption, and a reasonably constant spread with no funnel configuration, supporting homoscedasticity. For corporate governance practices, the tolerance statistic was 0.612 and the variance inflation factor 1.634 comfortably within the conventional thresholds of tolerance above 0.10 and VIF below 10 indicating that the governance coefficient was not destabilized by collinearity with the other predictors in the model. The Durbin–Watson statistic was 1.892, sufficiently close to 2.0 to indicate no serious autocorrelation among residuals. The data were therefore considered suitable for regression analysis.

Model Summary and Overall Model Significance

The regression model containing corporate governance practices together with the three further management-practice predictors of the parent study returned $R = .761$, $R^2 = .579$, adjusted $R^2 = .571$ and a standard error of the estimate of 0.521. The model was statistically significant, $F(4, 202) = 68.250$, $p < .001$, with

regression and residual sums of squares of 74.120 and 54.850 respectively against a total of 128.970. These statistics describe the four-predictor model as a whole and are reported to establish the estimation context; they should not be read as the explanatory contribution of corporate governance practices alone. The four predictors jointly accounted for 57.9% of the variance in members' economic well-being, leaving 42.1% attributable to factors outside the model among them, plausibly, broader economic conditions, individual income-generating activity, household

circumstances, personal financial behavior and conditions within the transport sector. The small difference between R^2 and adjusted R^2 indicates that the model's explanatory power was not materially inflated by the number of predictors included.

Regression Coefficient for Corporate Governance Practices

Table 5 presents the estimated coefficient for corporate governance practices, together with the model constant and the model-level statistics within which the coefficient was obtained.

Table 5

Regression Results for Corporate Governance Practices and Economic Well-Being of Members

Predictor	Unstandardized <i>B</i>	Std. error	Standardized β	<i>t</i>	<i>p</i>	Tolerance	VIF
(Constant)	0.684	0.238		2.874	.004		
Corporate governance practices	0.183	0.058	0.191	3.155	.002	0.612	1.634

Model statistics (four-predictor model): $R = .761$; $R^2 = .579$; adjusted $R^2 = .571$; $SE = 0.521$; $F(4, 202) = 68.250$, $p < .001$; Durbin-Watson = 1.892.

Note. Dependent variable: economic well-being of members. The coefficient for corporate governance practices is a partial coefficient estimated while holding constant three further management-practice predictors examined in the parent study; those predictors lie outside the scope of this article and their coefficients are not reported. Source: source study field data.

Corporate governance practices exerted a positive and statistically significant partial influence on members' economic well-being: $\beta = 0.191$, $B = 0.183$, $t = 3.155$, $p = .002$.

Each element carries a distinct meaning. The unstandardized coefficient $B = 0.183$ is expressed in the units of the measurement scales: a one-unit increase in the governance composite was associated with a 0.183-unit increase in the economic well-being composite, holding the other predictors constant. Because both constructs were measured on the same five-point scale, this is directly interpretable moving a society from a governance rating of 3.0 to 4.0 was associated with an increase of approximately 0.18 points in members' reported economic well-being on that

same scale. The standardized coefficient $\beta = 0.191$ expresses the same relationship in standard deviation units: a one standard deviation increase in perceived governance quality accompanied an increase of 0.191 standard deviations in reported well-being, net of the other predictors. The t -statistic of 3.155 is the ratio of coefficient to standard error ($0.183 / 0.058$), and its magnitude over three standard errors from zero generates the observed significance level. The p -value of .002 indicates that a coefficient of this size would arise by sampling variation roughly twice in a thousand samples were the population coefficient zero.

Two interpretive cautions attach to this coefficient. First, the estimate is a partial one. It represents the association between governance

and well-being that remains after the other management-practice predictors have been accounted for, and is therefore smaller than the bivariate association reported in Section 4.5 ($r = .571$). The reduction is expected and is not evidence of a spurious bivariate relationship: it reflects the fact that the predictors are themselves moderately intercorrelated, so that part of the bivariate association between governance and well-being is shared with variance the other predictors also explain. Second, and notwithstanding the strength of the significance level, the design is cross-sectional. The coefficient establishes that governance and well-being covary

significantly and positively in this population when other measured management practices are held constant; it does not establish that a change in governance would produce a change in well-being.

Hypothesis Testing

The study tested the following null hypothesis at the 5% level of significance:

H₀₁: Corporate governance practices have no significant influence on the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency.

Table 6

Hypothesis Testing Result

Null hypothesis	Test statistics	Decision rule	Decision	Conclusion
H ₀₁ : Corporate governance practices have no significant influence on the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency	$\beta = 0.191$; $B = 0.183$; $t = 3.155$; $p = .002$	Reject H ₀ if $p \leq .05$	Reject H₀₁	Corporate governance practices have a positive and statistically significant influence on the economic well-being of members

Note. Source: source study field data.

Since the obtained p-value (.002) was below the predetermined significance level of .05, the null hypothesis was rejected. The study therefore concludes that corporate governance practices had a positive and statistically significant influence on the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency, Nairobi County, Kenya. Consistent with the cross-sectional design, this conclusion is stated as a significant positive influence in the statistical sense that is, a reliable and directionally positive association net of the other measured predictors and not as a demonstrated causal effect.

Discussion

Corporate Governance Practices and Economic Well-Being

The study establishes a positive and statistically significant relationship between corporate governance practices and the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency ($\beta = 0.191$, $B = 0.183$, $t = 3.155$, $p = .002$), with a moderate-to-strong bivariate association ($r = .571$, $p < .01$). The finding answers, for this population and this setting, a question the existing literature had largely left to inference: governance quality is not merely an institutional virtue but is registered in the economic circumstances members report.

Three features of the result warrant separate interpretation. The direction is positive, as agency

reasoning predicts. The significance is robust a t-statistic above three and a p-value of .002 leave little room for attributing the coefficient to sampling variation. The magnitude is modest in standardized terms, and this is the feature that most repays attention, because it is often treated as a disappointment when it is in fact informative.

Interpreting the Magnitude of the Effect

A standardized coefficient of 0.191 indicates a real but moderate partial association, and two considerations bear on how it should be read.

The first is the indirectness of the pathway set out in Section 2.3. Corporate governance does not transfer resources to members; it conditions the institutional environment the integrity of controls, the quality of decisions, the responsiveness of services within which the transfers that do affect member welfare take place. An effect transmitted through an intermediate institutional condition should be expected to be attenuated relative to one operating directly on the flow of financial resources. A modest but reliable coefficient is what a well-specified indirect pathway looks like.

The second is the statistical consequence of partialling. The bivariate correlation of .571 falls to a standardized partial coefficient of 0.191 once the other management-practice predictors are held constant. Because those predictors are themselves moderately intercorrelated with governance, part of the governance–well-being association is variance the model attributes elsewhere. This is a property of multiple regression rather than a finding about governance: where organizational practices are implemented as a bundle and boards that govern well tend also to manage well partialling distributes shared variance across correlated predictors and reduces each individual coefficient. The tolerance statistic of 0.612 and VIF of 1.634 confirm that this occurred within acceptable collinearity bounds and that the estimate is stable, but they do not eliminate the interpretive point: the partial coefficient understates the total association between

governance and member welfare, part of which operates through the practices with which governance co-occurs.

Why the Relationship May Take the Form Observed

The descriptive results disclose a governance configuration with an internal asymmetry. The four highest-rated items internal controls ($M = 4.02$), board accountability ($M = 3.98$), board oversight ($M = 3.97$) and board effectiveness ($M = 3.93$) all concern the machinery of control and supervision that boards and managers operate themselves. The three lowest transparency ($M = 3.86$), disclosure of adequate and timely information ($M = 3.80$) and member participation in decision-making ($M = 3.71$) all concern the interface through which members are incorporated into governance. Dispersion rises as the mean falls, and is highest on participation ($SD = 1.12$), indicating that members' experience of inclusion varied more than any other governance dimension measured.

Agency theory reads this pattern directly. Jensen and Meckling (1976) locate the agency problem in information asymmetry: the agent's informational advantage creates the scope for opportunism that monitoring exists to reduce. Internal controls, board oversight and accountability structures address the problem from the agent's side, disciplining management's conduct. Disclosure, transparency and participation address it from the principal's side, equipping members to monitor, evaluate and intervene. The societies in this sample were rated as having built the first set more successfully than the second, so that residual information asymmetry between members and their boards remained higher than the aggregate governance mean alone would suggest.

This offers a coherent, though not directly tested, account of why the governance effect, while significant, is moderate. Control mechanisms protect member resources from misappropriation, and that protection is genuine and valuable it

plausibly underlies much of the observed effect. But protection is not responsiveness. Mechanisms that keep resources safe do not by themselves ensure that resources are deployed toward the outcomes members most need, because the identification of those needs runs through precisely the participation and disclosure channels rated lowest. Where members are less fully incorporated into decision-making, alignment between organizational decisions and member preferences depends more on the board's own judgement of member interest and less on members' articulation of it. Agency theory anticipates exactly this: monitoring constrains divergence but does not by itself produce alignment.

The pattern in the dependent construct is consistent with this reading without confirming it. The most highly rated well-being items were transactional and institutionally delivered access to credit ($M = 4.04$), savings capacity ($M = 3.96$), ability to meet obligations ($M = 3.94$) outcomes a soundly controlled society can deliver through the ordinary operation of its services. The lowest were asset accumulation ($M = 3.87$) and creation of economic opportunities ($M = 3.86$), outcomes depending less on the reliable operation of standard services and more on whether strategic decisions and product design match members' specific circumstances. Where governance is strongest, the outcomes most closely dependent on it are strongest; where governance is weakest, the outcomes most dependent on member-institution alignment are weakest. This correspondence is offered as an interpretation consistent with the data, not as tested mediation: the study did not model the individual indicators separately, and establishing the proposition would require an analysis the present design cannot support. A related mechanism deserves mention cooperative membership rests on trust, and members who believe their savings are competently managed commit more of them, enlarging the capital base from which credit is extended but this too is an

interpretation the data are consistent with rather than a proposition the study tested.

Comparison with Previous Empirical Evidence

The findings both agree with and extend the existing evidence, and the distinction matters.

The study agrees with the directional consensus of the Kenyan literature. Mugilwa et al. (2024) reported a significant positive governance-performance relationship across 163 deposit-taking SACCOs; Kihara and Bett (2023) found a positive effect among deposit-taking societies in Nairobi City County; Karimi and Maina (2025), Mwajedi et al. (2022), Ngoda and Kising'u (2024), Lennah and Bett (2023) and Otieno and Karihe (2024) reached compatible conclusions with differing governance operationalization's. Beyond Kenya, Turyasingura and Agaba (2023) found governance a significant predictor of SACCO performance in southwestern Uganda, and Iyiola and Azuh (2022) found committee leadership and internal controls significant for cooperative performance in Nigeria. The present finding of a positive, significant governance coefficient is consistent with all of these.

The study extends that evidence in a specific respect: it changes the dependent variable. Each of the studies cited measured an institutional outcome. The present study measured member-level economic well-being income, savings, credit access, asset accumulation, financial security, and capacity to meet obligations and economic opportunity and found the relationship to hold. This converts an assumption into a finding: the proposition that governance benefits members, previously supported by the reasonable but untested inference that what is good for the institution is good for its owners, now has direct empirical support in at least one population. It also disciplines that inference, since the standardized coefficient of 0.191 obtained against a member-level outcome is smaller than governance effects typically reported against institutional outcomes, suggesting that transmission from governance to

member welfare involves some loss and should not be assumed complete.

The study contextualizes the evidence by relocating it. The cited Kenyan work concerns deposit-taking and conventional SACCOs, whose membership is frequently salaried and comparatively homogeneous, whose cash flows are periodic, and which operate under a single principal regulatory regime. Public Transport SACCOs have membership stratified by economic role, handle high-frequency daily cash, and operate under both cooperative and transport-sector regulation. Finding the relationship to hold in this environment indicates that it is not an artefact of the deposit-taking context. The prominence of internal controls in the descriptive results is consistent with the cash-intensive character of the sector, where control failures are both easier and costlier an observation that is contextual rather than a tested comparison, since no deposit-taking comparison group was included. The study partially agrees with Maingi and Kobuthi's (2024) differentiated finding, and the partial agreement is instructive. Those authors found board independence, accountability and audit committees significantly related to financial performance while financial disclosure was positive but not significant, concluding that formal disclosure may be insufficient unless coupled with effective accountability and oversight. The present descriptive results locate disclosure ($M = 3.80$) and transparency ($M = 3.86$) among the weaker governance dimensions, below the accountability and control items a pattern consistent with theirs. The present study cannot, however, confirm their inferential finding, because governance was modelled here as a composite rather than as separate dimensions. The two results are compatible and mutually suggestive; treating the descriptive ordering reported here as a replication of their coefficient-level finding would overstate what this analysis shows.

The findings are consistent with Khanchel et al.'s (2020) conclusion that governance relationships in

East African settings are context-dependent rather than mechanical, and with Wafula and Miroga's (2024) emphasis on clearly defined governance responsibilities and independent oversight. Where the present findings differ in emphasis rather than direction is in the relative weakness of participation. Kihara and Bett (2023) incorporated stakeholder involvement into their governance construct and reported positive effects; here, member participation is the lowest-rated and most variably experienced governance dimension. This is a difference in the level of the variable rather than the sign of its relationship. Plausible explanations exist the heterogeneity of transport SACCO membership, the operational demands of the sector on members' time, the geographical dispersion of route-based operations but the data do not adjudicate among them, and the study refrains from asserting a cause it has not tested.

Theoretical Implications

The findings support the applicability of agency theory to cooperative financial organizations and, in one respect, qualify it.

Support comes from the direction and significance of the relationship. Agency theory predicts that mechanisms which reduce information asymmetry and constrain managerial discretion will improve the outcomes principals derive from the organization, and the study finds composite governance quality significantly and positively associated with the economic outcomes members report. The theory's core logic that delegated authority requires institutional constraint if principals' interests are to be served is upheld in a setting where the principals are numerous, individually small and heterogeneous in their interests.

The qualification is one of scope. Agency theory treats the alignment problem as substantially solved by monitoring: constrain the agent's discretion adequately and the principal's interest is protected. The configuration observed here suggests that in cooperatives the problem has a

second component monitoring does not address. Cooperative principals are not merely owners seeking protection of a residual claim; they are users whose needs vary and beneficiaries whose interests must be identified before they can be served. Constraining agents protects members from harm; it does not tell agents what members require. That second function is discharged by participation and disclosure the mechanisms weakest in this sample, and the ones agency theory treats principally as instruments of monitoring rather than as channels of preference expression.

Governance in member-owned organizations may therefore be better understood as performing two analytically distinct functions: a *protective* function, discharged through controls, oversight and accountability, and an *alignment* function, discharged through participation, disclosure and transparency. The present study measured both within a single composite and cannot separate their effects. That separation is a clear direction for further work and is reflected in the research agenda proposed in Section 9.2.

Practical Implications

The practical significance of the finding lies less in its direction that good governance is desirable is not news to SACCO boards than in its location and its asymmetry.

Its location is member-level: the evidence connects governance improvements to outcomes members themselves report credit access, savings, capacity to meet obligations. Boards accustomed to justifying governance investment by reference to regulatory compliance or institutional performance now have evidence connecting it to the welfare of the people they serve, so expenditure on board training, control systems, audit capacity and disclosure infrastructure can be justified on the same grounds as investment in services.

Its asymmetry is directional: the strongest dimensions here were internal control

mechanisms, the weakest those through which members are incorporated into governance. For boards deciding where additional effort will be most productive, the evidence points toward the member interface, and the high dispersion on participation ($SD = 1.12$) indicates a deficit that varies markedly among societies rather than a uniform sectoral one some societies in this sample have solved a problem others have not, and improvement is therefore achievable within the sector's existing constraints. For members, the corollary is that participation in general meetings, elections and consultative processes is not a civic formality but a governance mechanism with a demonstrable connection to the economic benefits of membership. Section 8 develops these implications into specific recommendations.

Contribution to Knowledge

The article makes four contributions, each stated within the limits of what the evidence supports.

Empirical. It supplies direct evidence on the relationship between corporate governance practices and the economic well-being of individual SACCO members. The Kenyan literature has established the governance–institutional performance relationship repeatedly; the governance–member welfare relationship has been inferred from it. This study tests it against a member-level outcome and finds it positive and statistically significant ($\beta = 0.191$, $p = .002$; $r = .571$, $p < .01$), while indicating through the magnitude of the partial coefficient that transmission from governance to member welfare should not be assumed complete.

Contextual. It reports from Public Transport SACCOs in Dagoretti South Constituency, Nairobi County a segment of Kenya's cooperative sector distinguished by heterogeneous membership, high-frequency cash operations and dual regulatory exposure, and for which comparable member-level evidence was not previously available.

Theoretical. It applies agency theory to a setting where the principals are numerous, individually small and heterogeneous, and finds its central logic upheld. It also identifies, through the asymmetry in its descriptive results, a distinction between the protective and alignment functions of cooperative governance that agency theory does not fully articulate and that warrants further development.

Practical. It provides SACCO boards, managers, members and sector stakeholders with member-level evidence on which to base governance decisions, and through the descriptive ordering of governance dimensions an empirically grounded indication of where governance effort in this sector is currently weakest.

These contributions are bounded. The study concerns 207 respondents from 12 societies in one constituency at one point in time. It does not establish that governance improvements cause welfare improvements, does not generalize to SACCOs outside the public transport sector or outside Dagoretti South, and does not claim to address the governance challenges of Kenya's cooperative sector as a whole.

7. Conclusion

The study set out to assess the influence of corporate governance practices on the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency, Nairobi County, Kenya.

Respondents perceived corporate governance practices to be in place within their societies ($M = 3.90$, $SD = 1.01$), rating internal controls highest ($M = 4.02$) and member participation in decision-making lowest ($M = 3.71$), and reported that membership had improved their economic circumstances ($M = 3.93$, $SD = 1.00$), with access to credit rated highest ($M = 4.04$) and the creation of economic opportunities lowest ($M = 3.86$).

Corporate governance practices were positively and significantly associated with members' economic well-being at the bivariate level ($r =$

$.571$, $p < .01$, $n = 207$). In multiple regression, holding constant the other management-practice predictors of the parent study, corporate governance retained a positive and statistically significant partial influence ($\beta = 0.191$, $B = 0.183$, $t = 3.155$, $p = .002$). The null hypothesis that corporate governance practices have no significant influence on members' economic well-being was therefore rejected.

The study concludes that corporate governance practices have a positive and statistically significant influence on the economic well-being of members of Public Transport SACCOs in Dagoretti South Constituency. Consistent with the cross-sectional design and the perceptual measures employed, this is a conclusion about a reliable positive association rather than a demonstrated causal effect. Within that limit, the evidence indicates that the accountability, transparency, board effectiveness, member participation, internal controls, disclosure and oversight arrangements through which these societies are governed are connected to the income, savings, credit access, asset accumulation and financial security their members report and that governance in a member-owned organization is therefore a matter of member welfare and not of institutional form alone.

8. Recommendations

The following recommendations follow from the findings reported above and are confined to the governance–well-being relationship examined.

Strengthen member participation in decision-making. Member involvement recorded the lowest mean of any governance indicator ($M = 3.71$) and the highest dispersion ($SD = 1.12$), while governance as a whole was significantly associated with member welfare. Societies should therefore treat participation as a governance mechanism requiring active management rather than a statutory formality. Practical measures include scheduling general meetings to

accommodate the operating patterns of transport-sector members, structuring agendas so that substantive decisions are put to members before rather than after they are taken, and establishing consultative arrangements that reach the distinct membership categories vehicle owners, drivers, conductors whose interests differ. The variation among societies indicates that workable approaches already exist within the sector and can be identified and shared.

Improve the adequacy and timeliness of information provided to members.

Disclosure recorded the second-lowest governance mean ($M = 3.80$), and information is the precondition of both monitoring and informed participation. Societies should establish a defined reporting calendar covering financial performance, major decisions and matters affecting members' interests, and should present that information in a form intelligible to a membership of varied educational background nearly half of whom, in this sample, had secondary education as their highest qualification. Disclosure members cannot interpret discharges the form of the obligation without its function.

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