

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

Recommended Interview Tools for the Sacco Societies

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ABSTRACT

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.

KEYWORDS: Corporate governance, Sacco societies, Interview tools, Revenue leakage, Selection and recruitment

INTRODUCTION

Corporate governance is a key determinant of success of any organization. Good corporate governance enables an entity to have an edge over her competitors because it guarantees better

service delivery, appropriate use of organizational resources as well as strategically positioning an organization for business alliances. However, a casual survey of different organizations reveal latent underlying corporate governance challenges ranging from weak management structures to imprudent managerial decisions.

The Sacco societies in Kenya equally have experienced a couple of these challenges as evidenced in the number of commissions of inquiries, inspections, external audit opinions, internal audit reports, as well as supervisory committee reports which are commonly ignored by some of the board of directors. Many of the Kenyan Sacco societies have suffered loss of funds emanating from collusion among the employees, underhand deals between some board of directors and the employees, poor board decisions more especially on capital budgeting decisions aimed at increasing the productivity of a Sacco society such as investment and financing decisions.

In view of the foregoing, a number of interesting questions arise; is the Sacco societies' model of management effective? Does the recruitment procedure of these Sacco societies meet the tested prudential management practices? And what kind of interview tools do they apply in the execution of the staffing function? This paper is interested in answering the above questions with specific consideration to the last question by presenting to the boards of the Sacco societies highly tested and recommended interview tools used in search for ideal employees who are capable of transforming these vital non-bank financial institutions.

Most organizations are currently in the lookout for transformational leaders and Sacco societies are not left behind following the consistent advertisements on various platforms in hunt for transformational leaders not only at the apex of these financial institutions but also departmental heads as well as other positions. It should not surprise you that this has become the new norm. With a constant need to embrace change, the unpredictable technology disruptions and generation that is changing the tradition of the workplace, it is important that organizations get the right kind of leaders to lead organizations and business units as well as other positions.

The Sacco subsector prides itself of commanding an asset base of over Kshs. 600 billion, have mobilized domestic savings to the tune of about Kshs. 400 billion, accounting for about 33 percent of the national savings which is a clear evidence of Sacco societies' role as primary vehicles for socio-economic development being paramount. It's against this backdrop that this paper proposes to the Board of Directors of the Sacco societies in Kenya to consider adopting the highly tested and recommended interview tools in their quest for scaling the heights of corporate governance in the Sacco societies in Kenya.

Pre- Interview Phase

In compliance with the human resource management policy of your Sacco society, an advertisement will be made and interested applicants are expected to express their interest by submitting in their

applications. Caution should be exercised to ensure that trace of the applications receiving system is accountable. Possibly, the candidates may be requested to register their application parcels with reputable courier service providers such as G4S limited. In certain cases, potential employees have been disadvantaged due to unaccountable system of receiving mails in some organization. The shortlisting exercise can commence immediately the application period elapses. The short listing committee should preset the criteria of shortlisting. The minimum qualifications required contained in the advert should be observed. The use of the interview tools will officially be applied on the day of the interview.

Interview Structure

The structure of the interview to be adopted may be structured in accordance to the relevant position in question although the following structure is largely applicable;

Phase I: Practical Interview

Practical interview should be conducted by two persons technically skilled in the relevant field of specialization and each person is expected to score on each stage of the practical exercise. At the end of the session, an average will be deduced for each candidate from the two technical interviewers to constitute the absolute score of each interviewee. The total marks allocated for this phase should be thirty percent.

The model of the practical interview tool to be used in this phase is as outlined below;
 Practical Interview Tool A

IntervieweePosition AppliedDate.....
 ID NO.....Sex.....Age

Time Allocated

S/no	Question	Allocated score	Awarded score
Illustration 1	Your are required to prepare the statement of comprehensive income for the year ended 31 st December 2016 as well as the statement of the financial position as at that date using the information provided below: <i>“Extract of the details can be generated from the Sacco society financial transactions and the format of the statement/ report is inbuilt in the software used by the Sacco society”</i>	30	

	Total	30	
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Source : Author (2019)

S/no	Question	Allocated score	Awarded score
Illustration 2	<p>You are required to prepare a comprehensive Internal Audit report to the Board of Directors of a Sacco society recommending relevant internal controls the board should establish, highlighting risks each internal control should mitigate with appropriate time lines.</p> <p><i>“Interface with the computer system used by the Sacco should be of essence for the interviewee here as he details his report”</i></p>	30	
	Total	30	

Author (2019)

The practical interview is to be taken first before the candidates are taken to the next phase of the interview which is the oral session.

Each interviewer is expected to be provided by a set of interview tools and as each candidate executes practical or after being through as the position may demand, he or she is expected to score accordingly. Remember, observation is used in some cases as practicals progress. The technical interviewers are expected to agree on the kind of practical question(s) to administer and the prospective answers anticipated from the interviewees. Once they have agreed on the question(s), the agreed question(s) should be type-set so that they are fixed or carried in the first page of the interview tool replacing the dummy illustrations on practical interview tool A.

Scoring Specifications on the Practical Session

The following framework will guide the interviewer when scoring during the practical session;

Step	Guidelines on how to score at each step	Allocated score	Awarded score
1.	Familiarity/mutual interface with the computer system of the Sacco society	2	
2.	Appropriate titling of the report or statement being prepared and relevantly addressed to the recipient where necessary.		

		3	
3.	<p>This is the core step; emphasize on the ability to demonstrate professional competence on preparing a statement or a report by correctly placing the items of transaction at their respective sides, groupings, arrangements or procedure which should lead to a definite result e.g. income before tax and interest, internal control measures matched with the risk(s) to be mitigated among other specifications the question may test.</p> <p>Itemization for scoring;</p> <p><i>i) Classification of assets</i> <i>ii) Classification of liabilities</i> <i>iii) Income deduction</i> <i>iv) Crediting and debiting elements appropriately</i> <i>v) Risks indentified versus mitigation measures</i></p>	<p>2 } 2 } 5 } 20 5 6</p>	
4.	<p>Conclusion step, which may require an interpretation of the statements prepared or items of footnote that require some remarks. Besides, a summary can be given of the core internal controls and future prospect of the Sacco society in the establishment and implementation of the internal controls by the board of directors.</p>	3	
5.	<p>Restoring back the system to the initial position before the exercise begun. Also observe how the interviewee leaves the practical room.</p>	2	
	Total	30	

Author (2019)

Name of the Interviewer

SignatureDate.....

Practical interview scores averaging table

Candidates	Tim	Res	Tos	Ben	Bil	Liz
Pannleists						
Pannelist 1	15	08	10	17	24	20
Pannelist 2	11	12	10	11	22	24
Cumulative score out of 60 Marks	26	20	20	28	46	44
Average score out of 30 marks	13	10	10	14	23	22

Author (2019)

In certain positions, practical phase may not be necessary. Under such cases, the thirty marks allocated for practical phase can be redistributed across the general questions and technical questions as the panel may deem fit. However, this should be down well in advance before the interview date.

The committee or/person concerned with the organization of the interview should execute the matter well a head of the actual interview day. This is done to allow the necessary tools to be prepared in regards to the number of questions to be asked and the marks to be allocated. Confidentiality should be upheld at each and every stage of these exercises, otherwise all the efforts made would be in vain.

Phase II: Oral Interview

After the practical interview, the oral interview can be commenced accordingly as guided by chairperson of the panel. The oral interview tool B as structured in stage I and IV will help in the scoring of the candidates as the interview progresses.

Stage I: Qualifications and Work Experience

Interview Tool B

Date:

Name of the interviewee...

ID No......

Position applied for.....

Sex.....

Age.....

The scoring at this stage is to be done before the interviewee is ushered into the interview room. The chairperson should guide the scoring by going through the original papers of the candidate and informing other pannelists to award marks as guided by the table of qualifications and work experience below.

Category	Details		Allocated score	Awarded score
Category 1	KCSE :	D- to D+	1	
		C- to C+	2	
		B- to B+	3	
		A- to A	<u>4</u>	4
Category 2	Certificate – Relevant - IT			1
Category 3	Diploma qualification			3
Category 4	CPA I		4	
	CPA II		5	
	CPA III		<u>6</u>	6
Category 5	Any other additional – Degree			1
Category 6	Membership to a professional body			2
Work Experience	1- 2 years		2	
	3 years and above		<u>3</u>	3
Total Score				20

Author (2019)

Qualifications and experience scores summary table

Order of appearance	Candidate's Name	Awarded scores out of 15 marks
1 st Interviewee	Tim	7
2 nd Interviewee	Res	10
3 rd Interviewee	Tos	8
4 th Interviewee	Ben	12
5 th Interviewee	Bil	11
6 th Interviewee	Liz	13

Author (2019)

Stage II: Chairperson Welcomes the Interviewee

The chairperson of the panel welcomes the candidate and then the chairperson introduces the members of the panel to the interviewee.

In the next step, the chairperson requests the candidate to introduce himself or herself and the interviewee is informed to be brief in telling the panel about himself or herself.

Stage III. Panelists' Session

After the candidate is through with his or her brief introduction, the chairperson informs him or her that other panelists will have the opportunity to ask him or her a few questions in different areas in respect to the position he or she applied for. The Chairperson then signals the panelist concerned to shot or pause his or her questions as guided by the table in stage IV of this tool B of the interview below:

Stage IV: General Questions

General questions to be asked the interviewee by respective panelists apart from the technical panelists are:

No.	Question	Allocated score	Awarded score
1.	Organizations are grouped as for profit making and non-profit making. Where do Sacco societies fall? Justify your answer.	2	
2.	Theft by servant is becoming a common phenomenon in the financial sector in Kenya. What do you understand by the term theft by servant? Give two ways on how to minimize this vice in a Sacco society.	2	

3.	What are some of the interpersonal skills you need to effectively perform your duties as an Accounts Assistant (Give two)	2	
4.	How are co-operatives societies contributing to the national development of an economy. (Give tow)	2	
\\ \\	<i>Presentability of the interviewee. Panelists are expected to score the candidate in respect to her or his attire, the way in which she or he answers the questions (Confidence, Courteous, passionate about what he or she says, audible or attentiveness)</i>	2	
	Total Score	10	

Author (2019)

Name of the Panelist:.....Signature:.....Date:.....

General questions scores averaging table

Candidates Pannelists	CANDIDATES AND QUESTIONS																		
	Tim						Res						Tos						
Questions	1	2	3	4	#	Final Average Score	1	2	3	4	#	Final Average Score	1	2	3	4	#	Final Average Score	
Non-Technical pannelist 1	1	2	2	1	2	7.25	2	1	2	1	1	7.25	1	1	2	1	1	6.25	
Non-technical pannelist 2	0	2	2	2	1		2	1	1	0	1		2	1	1	2	1		1
Non technical pannelist 3	2	1	2	1	2		2	1	2	1	2		2	1	1	1	2		1
Non- technical panlist 4	1	0	1	2	2		2	2	2	2	1		1	1	2	2	1		1
Commulative score out of 8 marks	4	5	7	6	7		8	5	7	4	5		4	4	7	6	4		4
Average score out of 2	1	1.25	1.75	1.5	1.75		2	1.25	1.75	1	1.25		1	1	1.75	1.5	1		1

Author (2019)

Candidates Pannelists	Candidates and Questions																	
	Ben						Bil						Liz					
Questions	1	2	3	4	#	Final Average Score	1	2	3	4	#	Final Average Score	1	2	3	4	#	Final Average Score
Non-Technical pannelist 1	2	2	2	2	2	9.25	1	2	1	2	2	7.75	2	2	2	2	2	7.75
Non-technical pannelist 2	2	2	2	1	2		2	1	1	1	2		2	2	1	2	2	
Non technical pannelist 3	2	2	1	2	2		1	1	1	1	2		1	2	1	2	1	
Non- technical pannelist 4	2	1	2	2	2		2	2	2	2	2			1	1	1	1	
Commulative score out of 8 marks	8	7	7	7	8		6	6	5	6	8		6	7	5	7	6	
Average score out of 2marks	1.5	1.5	1.25	1.5	2		1.5	1.5	1.25	1.5	2		1.5	1.75	1.25	1.75	1.5	

Author (2019)

KEY:

: Refers to observation of the pannelists about a candidate’s presentability as guided by the interview tool B on the general questions in stage IV.

Stage V: Technical Pannelist

Technical pannelists are given the opportunity to ask the interviewee questions of expertise nature as guided by the interview tool C below;

Interview Tool C

Date:za.....

Name of the Interviewee:..... **ID NO**.....

Position Applied for**Sex**.....

Age.....

No.	Question	Allocated score	Awarded score
1.	There are specific duties you will be expected to perform as an Accounts Assistant, explain any four of such duties.	4	
2.	List five books of original entry you are expected to maintain as an Accounts Assistant in a Sacco society.	4	
3.	Give distinctive features between book keeping and accounting (Give four)	4	
4.	Explain to this panel the relevant errors which can not be disclosed by the trail balance (Give four)	4	
5.	Which are the relevant documents you need to prepare bank reconciliation statement? Why is bank reconciliation exercise important (Give two reasons)	4	
6.	As an account assistant there are basic accounting tools that you may require in the performance of your duties. Would you mention to the panel any four of such tools?	4	
7.	Name four stakeholders in a Sacco socety and how does a Sacco society benefits from the stakeholders you have mentioned?	4	
8.	Distinguish professional relationship and unprofessional relationship. Explain to the panel how unprofessional	4	

	relationship can comprise your work as an Account Assistant		
9.	Under what circumstances can you go out of your duty to protect the image of your organization?	4	
10.	What are the basic internal controls you may recommend in the accounts department for implementation in a Sacco society? (Give four)	4	
	Total Score	40	

Author (2019)

Name of the Technical Pannelist:.....Signature:.....Date:

Technical scores averaging table

Candidates Pannelist	Tim	Res	Tos	Ben	Bil	Liz
Technical pannelists 1	21	17	22	30	18	35
Technical pannelist 2	19	16	24	35	21	30
Commulative score out of 80 marks	40	33	46	65	39	75
Average score out of 40 marks	20	16.5	23	32.5	19.5	37.5

Author (2019)

Stage VI: Chairperson's Closing Remarks

The chairperson takes over and asks the candidate the expected range of pay if offered the opportunity. The chairperson further probes the interviewee on how soon he or she may report upon being considered by the panel for the position. Finally, the chairperson requests the interviewee if he or she has a question or a comment to the panel. After that, the interviewer is requested to leave by the chairperson.

Candidates' performance per phase scores summary table

Order of appearance	Candidate's name	Practical phase 30 mrks	Oral phase			Cumulative marks out of
			Qualification and experience	General questions	Technical questions	

			20 mks	10mks	40 mks	100 marks
1 st Interviewee	Tim	13	7	7.25	20	47.25
2 nd Interviewee	Res	10	10	7.25	16.5	43.75
3 rd Interviewee	Tos	10	8	6.25	23	47.25
4 th Interviewee	Ben	14	12	9.25	32.5	67.75
5 th Interviewee	Bil	23	11	7.75	19.5	61.25
6 th Interviewee	Liz	22	13	7.75	37.5	80.25

Author (2019)

Candidates' Ranking Table in the Order of Performance

Candidates' name	Marks	Position
Liz	80.25	1
Ben	67.75	2
Bil	61.25	3
Tim	47.25	4
Tos	47.25	4
Res	43.75	6

Author (2019)

Phase III: Consideration

It is vital to note that it is not automatic that the best candidate(s) as produced by the interview tools is or are picked for the position(s). There are other considerations that must be deliberated by the panel. For example, the age of the candidate(s), history of the candidate from the previous employer(s), authenticity of the candidate papers, over qualification factor, perceived general character of the candidate as observed by the panel, exposure element, gender factor, as well as regional balancing where necessary. There are many other factors which may be taken into account such as disability question, size of the organization, department size, the existing workforce versus their qualifications to check on harmony of their working relationship, pay demanded or proposed by the candidate among other factors as guided by the Sacco society's unique framework.

Once the panel has ventilated on some of those factors as may be considered necessary, preferences can then be proposed by the panel for the board of directors for their decision. It does not mean that the ranking as produced by the interview tools is completely ignored but its just being supplemented by the panel's deliberations in order to come up with the most ideal person(s) for the position(s). Besides, the board have the privilege to make amendment to the proposed list of candidates or go by the interview tools ranking based on its wisdom in the best interest of the Sacco society.

METHODOLOGY

A census study was conduct in 26 Sacco societies in the four Luo Nyanza counties of Kisumu, Siaya, Homa- Bay and Migori. As at 2019 the 26 Sacco societies were the ones that were actively in business. They included both urban and rural Sacco societies as well as deposit and non deposit taking Sacco societies. Fifty two questionnaires were given out with each Sacco society having two questionnaires administered to the Chief Executive Officer and Deputy Chief Executive Officer. Forty eight respondents out of 52 filled and returned the questionnaires giving a response rate of 92.31 percent. The study used primary data that was descriptively analysed using frequencies and percentages. Findings were then presented by use of tables, graphs and pie-charts.

EMPIRICAL EVIDENCE OF THE SACCO SOCIETIES GOVERNANCE

The study tool for collecting data was a questionnaire and it had twelve question items that the researcher relied upon in obtaining empirical study findings outlined in the following themes;

Establishment of the Sacco societies

The study findings show that majority of the Sacco societies in Luo Nyanza counties were established between 01 to 15 years ago, accounting for 70.83 per cent of the censured societies as table 1 shows. However, most of these Sacco societies establishment concentrations are between 01 to 05 years. This may be attributed to the advent of the county governments in Kenya which is now seven years old. Besides, the management of cooperative societies is one of the devolved functions (Constitution of Kenya 2010).

These infant financial institutions may be facing challenges commonly affecting firms at such stages of development such as weak financial framework, in-economies of scale as well as staff recruitment and selection (Magali, 2014).

Table 1: Year of societies establishment

Period	Frequency	Percent	Comm. Percent
1-5	7	14.58	14.58
5-10	17	35.42	50.00
10-15	10	20.83	70.83 N=48
15-20	8	16.67	87.50
20 & Above	6	12.50	100.00
Total	48	100.00	

Source: Research data (2019)

Branch network

Out of 48 respondents, only 3 noted that their Sacco societies had other branches other than the head-office. This may be associated to the infancy factor as well as the closed bond in these societies by-laws. Sacco societies are unique in their set-up because majority are established with the main aim of serving a particular target group such as people in similar profession like teachers, locality, an economic class or even business community such as “boda-boda” business operators. Figure 1 indicates the proportion of Sacco societies with and without branches (Okwee, 2011). The low membership of most of these societies is also a contributor to the minimal number of those societies with branches in other places other than the head-office as figure 1 indicates.

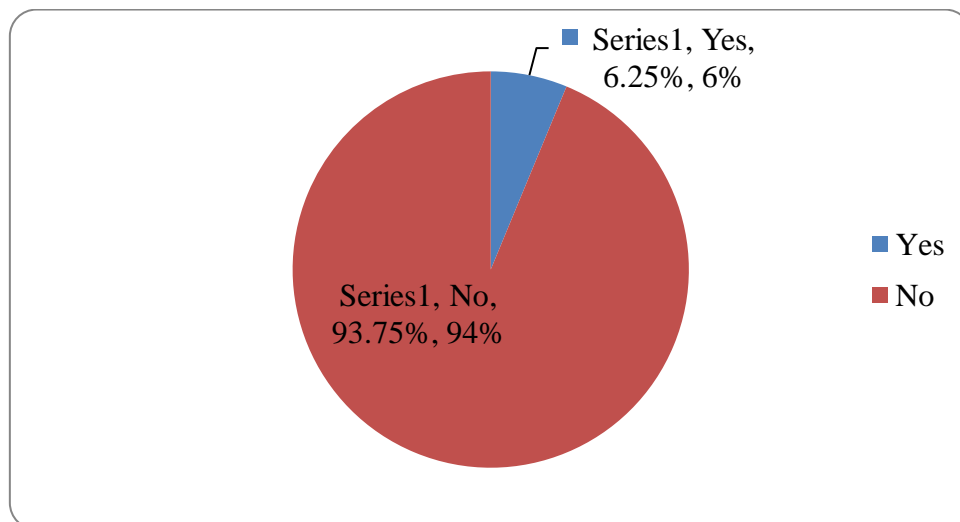


Figure 1: Branch network of the Sacco societies

Source: Research data (2019)

Front Office Sacco Activities (FOSA)

The FOSA model of business is operated with relatively similar services like those of commercial banks such as salary-in-advance and salary advance or overdraft facilities but more importantly the clients getting FOSA services are not subjected to the one third rule commonly applied in the traditional Back Office Service Activities (BOSA) of Sacco societies (SASRA 2010).

Besides the Sacco Societies Act (2008) and the regulation governing the Sacco societies, those societies operating FOSA are subjected to a more rigorous regulations with a specific government agency over-seeing their operations. SASRA (2010) outlines that the main purposes of these regulations are to provide minimum operational regulations and prudential standards required of a deposit taking Sacco society. It further posits that unsafe and unsound practices in the deposit taking Saccos may call for statutory management by the authority that will take immediate possession and control of a Sacco society’s business.

Eighty nine point five eight per cent (89.58%) of the four Luo Nyanza county Sacco societies operate only BOSA while 10.42 percent offer both BOSA and FOSA services as figure 2 shows.

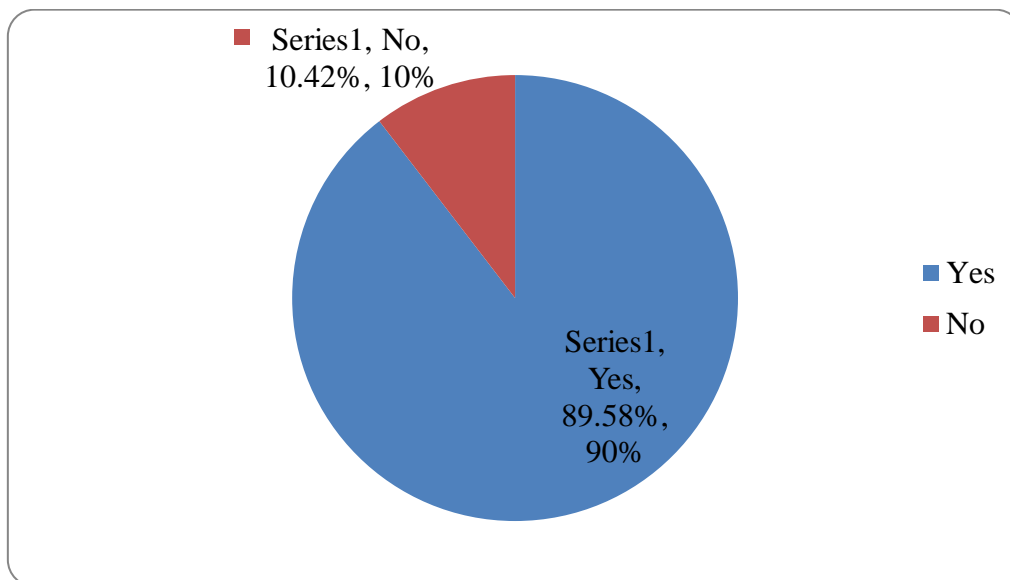


Figure 2: FOSA and BOSA proportion

Source: Research data (2019)

The human resource management policy is one of the requirements of SASRA which helps in bringing out explicitly recruitment and selection procedure of a Sacco society.

Membership of the Sacco societies

Table 2 shows the distribution of memberships of these Sacco societies. The table shows that most of the societies' membership range between 1000 - 5000 which is closely followed by membership range of 5000 to 15000 in the percentages of 50 and 40.17 percents respectively. Gok (2011) outlined a number of contributing factors to co-operative expansion in Kenya and among these factors, Sacco membership is critical. It further explained that the more members a Sacco has the better especially if its coupled with economic power of significant per capita savings. This may lead to larger core capital, share capital as well as spurred member savings.

Therefore the 1000 to 5000 membership range majority may play against the growth of these Sacco societies due to in-economics of scale, weak share and core capitals base and competitiveness of these non-bank financial institutions.

Table 2: Sacco societies membership

Membership	Frequency	Percent	Cum percent
Less than 1000	15	31.25	31.25
1000-5000	24	50.00	81.25
5000-10000	2	4.17	85.42
10000-15000	2	4.17	89.59
15000-20000	3	6.25	95.84
20000 & Above	2	4.17	100.00
Total	48	100.00	

Source: Research data (2019)

Positions in the Sacco societies

In the staff establishment of these Sacco societies, a significant number of staff range between 6 to 9 members, accounting for 37.50 per cent with very minimal Sacco societies having between 12 to 15 management staff which is a percentage of 4.17 per cent. This explains that not many transactions are done by these Sacco societies in requiring a larger management staff. In aggregate, figure 3

shows that most of the management staff of the Sacco societies range between 1 to 9 taking a proportion of 83.33 percent.

In references to the low Sacco membership, minimal branch network and insignificant number of Sacco societies operating FOSA as well as infancy challenges of the most recently established majority Sacco societies as table 2, figure 1 and 2 and table 1 reflect respectively, the low number of the Sacco societies management staff is justified.

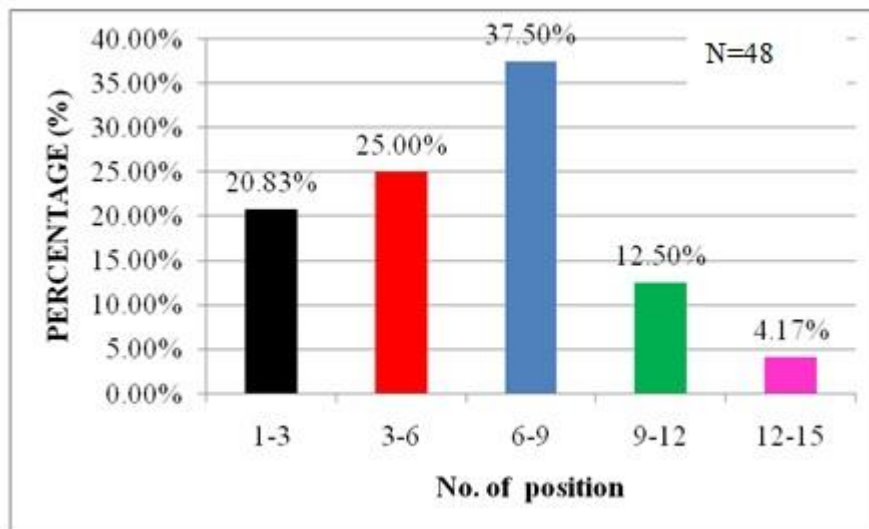


Figure 3: Sacco staff establishment

Source: Research data (2019)

Mode of recruitment

The study findings reveal that the Sacco societies adopt two modes of recruitment and selection: in-house mode and out-sourcing form of recruitment. Figure 4 shows that majority of the studied Saccos prefer in-house recruitment which accounts for 95.33 percent while just a few go for outsourcing of staff recruitment and selection.

Outsourcing is done by organizations like Cooperative Insurance Cooperation (CIC) and Kenya Union of Savings and Credit Organization (KUSCCO) at a cost which in most cases is beyond the financial framework of most of these infant Sacco societies. This may explain why a significant number of these societies prefer the less expensive in-house mode of recruitment. (Mwakajumilo 2011)

Therefore, it is prudent for these non-bank financial institution to adopt appropriate interview recruitment tools in guiding the staffing function of the board of directors of these Sacco societies.

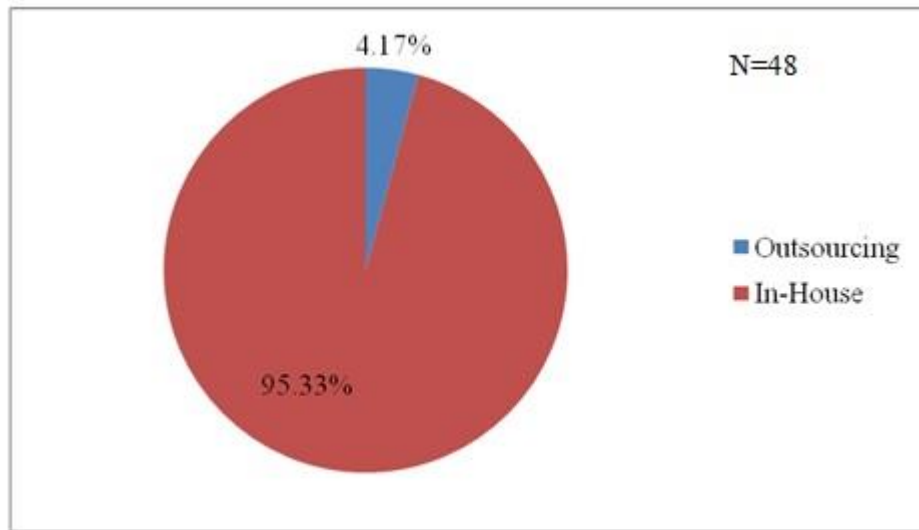
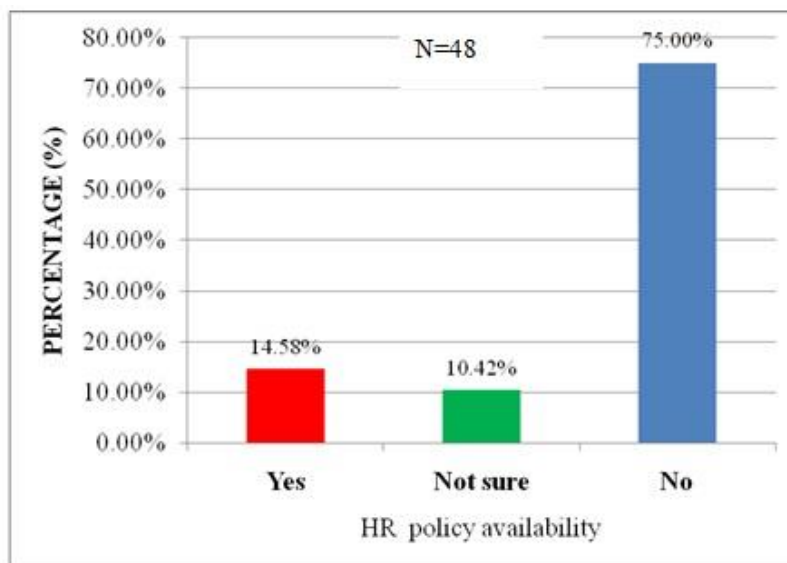


Figure 4: Sacco societies mode of recruitment

Source: Research data (2019)

Human resource policy as a management tool

The study respondents were asked to provide information in regards to the availability of human resource policy in guiding the board of directors of these Sacco societies. The study found out that 75.00 per cent do not have this vital management tool in charting direction on how among other things staff recruitment and selection is supposed to be done. However, 14.58 per cent do have the tool with 10.42 per cent not sure of the existence of the tool in their organizations as figure 5 indicates.



Figures 5: Status of Sacco societies on human resource policy

Source: Research data (2019)

Pre-set Interview tools availability

In a more precise manner, the respondents were requested to state whether their Sacco societies have pre-set interview tools as part of the general human resource policy in enhancing transparency and accountability in the staff recruitment and selection. The study found out that 77.08 per cent of these non-bank financial institutions operate without appropriate interview tools. Although 16.67 percent have the interview tools, 6.25 per cent of the respondents were not sure of the tools availability, as shown in figure 6.

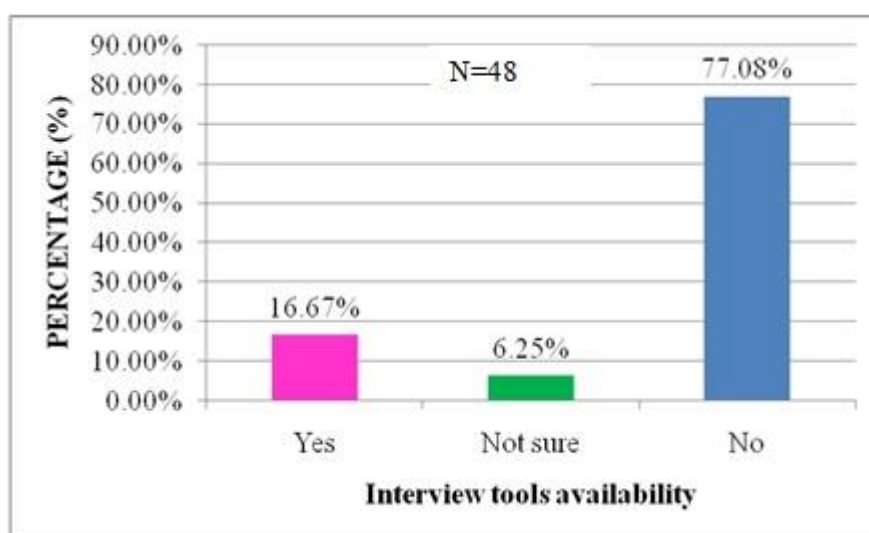


Figure 6: Preset interview tools status in the Sacco societies
Source: Research data (2019)

Interview stages

The Sacco societies conduct interviews for their management staff although a few Sacco societies do not which accounted for 3 out 48 respondents. However, for those conducting interviews, the stages are different ranging from practicals alone, as well as practicals and oral interviews as table 3 shows.

Table 3: Interview stages Sacco societies conduct

Interview mode	Frequency	Percent	Comm.. Percent
Practicals only	6	12.50	12.50
Orals only	27	56.25	68.75

N=48

Practicals & Orals	12	25.00	93.75
No Interview done	3	6.25	100.00
Total	48	100	

Source: Research data (2019)

Most of the Sacco societies prefers oral interviews in the recruitment and selection of the management staff which stood at 56.25 per cent of the respondents. Besides, a quarter of the Sacco societies studied perform both practicals and oral interviews. These response may be as a result of the nature of some positions applied for as well as the cost and time implications. Although, the board of directors factor may be at play in respect to its competency, composition, philosophy and vision in guiding corporate decisions. (Odera, Egessa & Oseno, 2019). Theft by servant is a common phenomenon in the Sacco societies in Kenya, and some of the causal factors is how some of the Sacco staff find their way into the societies.

Staff competency

The rating of Sacco staff is fairly good with over 52.08 per cent rated average and above. This may be associated to the good governance of the board of directors of these societies in ensuring that there is rigour in staff recruitment and selection. Although 33.33 per cent of the respondents believed that the staff competence in not at par as shown in table 4.

Table 4: Rating of Sacco staff competency

Rating	Frequency	Percent	Comm. percent
Poor	7	14.58	14.58
Fair	9	18.75	33.33
Average	9	18.75	52.08
Good	10	20.83	72.91
V. Good	13	27.09	100.00
Total	48	100.00	

N=48

Source: Research data (2019)

Financial impropriety in the Sacco societies.

The study findings reveal that 54.16 per cent of the studied Sacco societies experience financial impropriety with only 20.84 per cent hardly encounters such a challenge.

The staff of the Sacco societies are more often mentioned whenever such cases come up, thus it is important to exercise due-diligence and other parameters when staffing. Figure 6 demonstrates the proportion of financial impropriety in the Luo Nyanza Sacco societies.

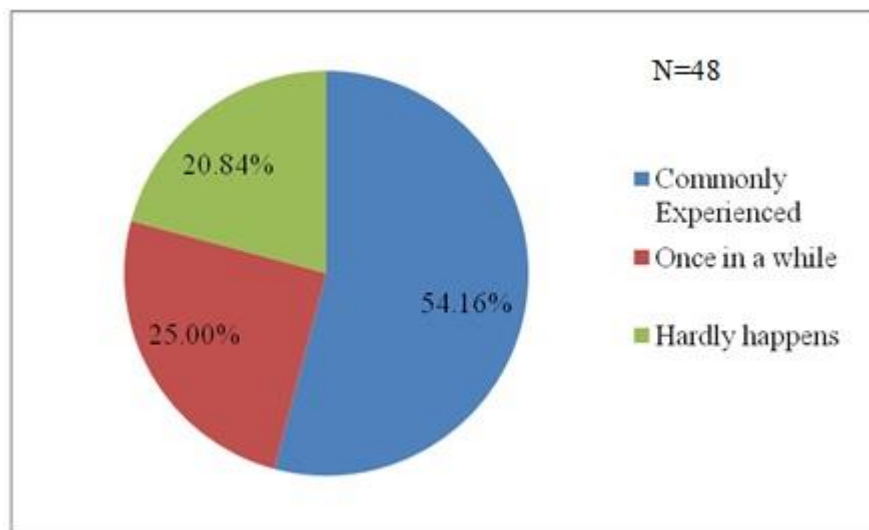


Figure 6: Sacco societies financial impropriety proportion
Source: Research data (2019)

Board impartiality on staffing function

The integrity of the board is significantly in question because 37.50 per cent of the respondent believed that the board is usually not impartial when discharging the staffing function. This may be cured by among other measures such as checking on the board composition to bring expertise and also the use of appropriately tested interview tools (Odera, et al 2019). This will enable verifiability of the exercise and enhance transparency.

Table 5 presents the opinion of the respondents in regards to the societies' board impartiality on staff recruitment and selection. Although 31.25 per cent either agreed and strongly agreed that the board is impartial in its staffing function.

Table 5: Board impartiality judgment

Scale	Frequency	Percent	Comm. percent
5. Strongly agreed	8	16.67	16.67
Agreed	7	14.58	31.25
Not Sure	3	6.25	37.50
Disagreed	12	25.00	62.50
Strongly agree	18	37.50	100.00
Total	48	100	

N=48

Source: Research data (2019)

RECOMMENDATIONS

The paper findings informs in making the following recommendations:

- i) The Board of Directors of the Sacco societies should embrace development of appropriate management tools such as human resource management policy to guide in the course of executing their mandate.
- ii) Financial impropriety commonly witnessed among the Sacco societies may be minimised by taking measured structured, accountable and transparent recruitment and selection of management staff.
- iii) Sacco board composition should be observed to secure expertise and competency, in decision making.

CONCLUSION AND POLICY IMPLICATION

The justification for the use of these highly tested interview tools is to enhance transparency and objectivity in the recruitment of Sacco societies' employees. The Sacco societies' board may have minimum conflict between society members in executing their staffing function. The category of employees selected using these tools may guarantee higher productivity, observance of ethical standards in the course of duty, but more importantly allows the board to be held accountable. Human resource management policies may benefit from this study findings by having input in certain clauses of staff recruitment and selection.

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