

Inter-relationship of Corporate Governance Mechanisms and Financial Performance of Coffee farmer's Co-operative Societies in Kenya.

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Abstract:

The paper shows that the performance of coffee farmer's co-operative societies is a function of the interplay of corporate governance mechanisms: Board Size, Board Composition and status of the Chief Executive Officer (CEO). The paper has been built from that recommended a further research on the effect inter-relationship of corporate governance mechanisms and financial performance amongst coffee farmer's co-operative societies in Kenya. In essence to find out the effect of multicollinearity between the explanatory variables, but not high enough to cause serious problems. The research used the times-earned- interest as performance variable, guided by the null hypothesis that there is no relationship between the interplay of corporate governance mechanisms and performance. Indeed analysis results showed that there exist a relationship between performance and the interplay of corporate governance mechanisms in farmer's co-operative societies. Results from the all the societies investigated showed a correlation between performance and the governance mechanisms and that that corporate governance has a significant influence on the performance of business firms. Firms with sound governance mechanisms tend to better than those without. A board of size of 7, the separation of the role of board chair and chief executive officer, and the presence of non-executive directors were found to be good governance practice at the corporate level

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