CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN UGANDA

BY

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JULY, 2012
Declaration

I, Susan Ssuubi hereby declare that this dissertation entitled “Corporate Governance and financial Performance of Commercial Banks in Uganda.” is my own work, and that all the sources I have used or quoted have been acknowledged.

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Dedication

With love to my Fiance Patrick, plus Jenny, Jessica and Family.
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Abstract

The purpose of the study was to establish the relationship between corporate governance and financial performance; a case of commercial banks in Uganda.

A cross sectional, descriptive and analytical research design was conducted. A co relational and regression analysis focusing on corporate governance were computed to establish the direction, strength of relationships between the study variables and the extent to which it contributes to financial performance. Primary data was collected using a self administered questionnaire from 21 commercial banks. Overall, 175 usable questionnaires from a sample of 189 representing 92.59% respondent rate was attained.

The findings indicate a positive relationship between corporate governance, accountability, managerial competences and financial performance. Furthermore, corporate governance was observed to be the most significant predictor of financial performance. This implies that when corporate governance improves, it may result into improvement in financial performance. It also implies that when banks are governed well where managers are responsible for their actions and members have access to information concerning the operations and financial position of the organization, they are likely bound to perform better.

The study concluded that corporate governance, accountability, managerial competences affect financial performance in commercial banks and therefore recommended that corporate governance, accountability and managerial competences should be emphasized in commercial banks to improve financial performance.