MAKERERE UNIVERSITY

EFFECTIVENESS OF CORPORATE GOVERNANCE IN STATE OWNED ENTERPRISES IN UGANDA

CASE STUDY; NATIONAL WATER AND SEWERAGE CORPORATION (NWSC)

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ABSTRACT

The purpose of the study was to examine the effectiveness of corporate governance in state owned enterprises in Uganda with a case study of National Water and Sewerage Cooperation.

The research objectives of the study was to established the standards of corporate governance in National Water and Sewerage corporations, examine the extent to which corporate principles affect the financial performance of state owned enterprises, to examine the structure and composition of the Boards and to examine the independent of the Boards committees.

The study used cross-sectional and descriptive design based on nature of the study; the design used both quantitative and qualitative approaches. The study considered 150 respondents of NWSC. The main instruments used were questionnaires and interview guide. Purposive, random and stratified sampling techniques were used in the study and data was analyzed and presented in the table form.

Data was descriptively analyzed and the results demonstrated that there is high level of ineffectiveness of corporate governance within its financial structures, policies procedures and regulations to crown it up the financial formation remained in boardrooms or on shelves, which were accessible by few stakeholders in State Owned Enterprise in Uganda.

Recommendation of the study was raised and it was found that NWSC needs to strengthen the corporate governance principles especially on dimensions of trust in delivering the financial reports. This will help to instill in confidence in the tax payers and other stakeholders in Uganda.
NWSC should observe the key attributes of corporate governance and established mechanism to enforce proper governance practices such as transparency, disclosure and trust while dealing with tax payers. If these three pillars of corporate governance are not treated well they affect performance.

The study findings revealed that the financial governance structure were weak, budget monitoring mechanism were inadequate, internal audit function and internal controls were weak and had critical gaps, lack of monitoring and evaluation mechanism for the performance of the boards, its committees, its members of top management as a key factor in the crises the university was facing at the time of this research was carried out.