

**CORPORATE GOVERNANCE AND THE PERFORMANCE OF
COMMERCIAL BANKS.**

by

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Abstract.

The study investigated the relationship between Corporate Governance and the Performance of Commercial banks. The study objectives were to examine the relationship between Corporate Governance and performance of commercial banks, the relationship between leadership and balance of power and performance, and the relationship between laws and best business practices and performance.

A cross sectional study design combined with a descriptive design was used in which questionnaires were distributed to corporate board members, managers and other staff. Data was analyzed using SPSS aided by Correlation coefficients to establish the relationships between the variables of interest, and Regression analysis to find out the extent to which Corporate Governance explains performance.

It was found that there exists a strong positive relationship between Corporate Governance and the Performance of commercial banks. Internal controls and Accountability were also found to be key predictors of performance of banks. It is recommended that commercial banks ensure that they have in place sound corporate governance principles since up to 55.5% of performance can be attributed to Corporate Governance. Internal controls that cover both accounting aspects and personnel management practices are also highly recommended if performance of banks is to improve.