

**CORPORATE GOVERNANCE AND ORGANISATIONAL PERFORMANCE OF
COMMERCIAL BANKS IN UGANDA: A CASE OF STANBIC BANK UGANDA LIMITED**

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TABLE OF CONTENTS

CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Introduction	1
1.2 Background to the Study	1
1.2.1 Historical Background	1
1.2.2 Theoretical Background	4
1.2.3 Conceptual Background	5
1.2.4 Contextual Background.....	7
1.3 Statement of the Problem	9
1.4 Purpose of the Study	10
1.5 Research Objectives	10
1.6 Research Questions.....	10
1.7 Hypotheses of the Study	10
1.8 Conceptual Framework	10
1.11 Scope of the Study	13
1.11.1 Subject Scope.....	13
1.11.2 Geographical Scope	13
1.11.3 Time Scope.....	13
1.12 Definition of Terms	13
CHAPTER TWO.....	15
LITERATURE REVIEW	15
2.1 Introduction	15
2.2 Theoretical Review	15
2.3 Corporate Governance.....	17
2.4 Organisational Performance.....	18
2.5 Accountability and Organisational Performance	21
2.6 Transparency and Organisational Performance	22
2.7 Board Composition and Organisational Performance	23
2.8 Empirical Studies	24
2.9 Synthesis of the literature review	25

CHAPTER THREE	27
METHODOLOGY	27
3.1 Introduction	27
3.2 Research Design	27
3.3 Study Population	27
3.4 Sample Size Determination.....	28
3.5 Sampling Technique and Procedure	28
3.6 Data Collection Methods.....	29
3.7 Data Collection Instruments	29
3.7.1 Structured Questionnaire.....	30
3.7.2 Interview Guide	30
3.7.3 Document Review Checklist	30
3.8 Validity and Reliability Tests	30
3.8.1 Validity Test	31
3.8.2 Reliability Test	31
3.9 Data collection Procedure	32
3.10 Data Analysis.....	32
3.11 Measurement of Variables	33
REFERENCES	34
APPENDIX I	38
APPENDIX II	42

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The study will examine the effect of corporate governance and organisational performance of commercial banks in Uganda. According to the study, corporate governance will be the independent variable and organizational performance will be conceptualized as the dependent variable for the study. In the study, the independent variable will be measured in terms of accountability, transparency and board composition while dependent variable will be measured in terms of profitability, cost reduction, growth and liquidity; moderating factors will be measured in terms of regulations, rules and policies.

This chapter will cover the background of the study, the statement of the problem, the purpose of the study, objectives of the study, the research questions, the hypotheses, the conceptual framework, the scope of the study, the significance, justification and operational definition of terms and concepts.

1.2 Background to the Study

Under this section, the researcher discusses the historical background, theoretical background, conceptual background and contextual background of the study.

1.2.1 Historical Background

The subject of corporate governance world over has been top of the agenda for many years. Despite tight regulatory framework, corporate governance continues to weaken in developed and under developed countries to some extent affirms the World Bank report (2009). Issues of good governance in business have become matters of great public and academic debate during the past 15 years, prompted by major scandals such as the frauds at Enron and WorldCom in the US, and the collapse of Vivendi in France and Marconi and Equitable Life in the UK to name a few. In the

period 2008 to 2010, several international banks such as Marilyn Lynch, Chase bank, JP Morgan among others collapsed as a result of management issues. Like many other developing countries, Uganda has had a share of challenges in the banking sector culminating in major bank failures such as Greenland, Cooperative bank, Uganda Commercial bank, International Credit bank and Sembule Investment bank posit Kithinji and Waweru (2007). Ashbaugh, Collins and LaFond (2004) revealed that particular concerns have focused on the quality of auditing and accountability, on the role of non-executive directors, and on agency problems in the boardroom and ‘fat cat’ executive pay levels.

Such concerns are not merely pertinent to the internal affairs of large corporations, but also have a resonance for the wider community of stakeholders, such as the commercial banks. Similarly, management of commercial banks have come under pressure by the different stakeholders offering value for money services in accordance to the set policies in Uganda’s financial sector. This has been often determines the sustainability of banks in the financial sector. Issues relating to corporate governance, however, are not new. They have been around since the early days of the joint stock company, which emerged as an important form of business organisation in England and Scotland during the seventeenth century. Wherever share-owning partnerships were large enough for a space to emerge between directors, managers and the majority of owners, conflicts of interest between the three groups could emerge. This space became a political arena in which governing executives confronted their ‘public’, the shareholder assemblies. The critical questions about how power was to be divided between proprietors, directors and managers were answered in a variety of ways by different companies.

Conyon and Florou (2004) identified two types of conflicts; one from managerial moral hazard since, in not having full ownership, managers are unable to capture the full benefits of their efforts. As well, they do not bear the full costs of their actions. This conflict has been described as

managerialism or managerial agency. Furthermore, the complexity of the coordination task in the modern firm (corporation), imperfect information (uncertainty), and bounded rationality all combine to necessitate the vesting of managers with discretion over Bhagat and Black (2002). Such discretion, however, creates opportunities for self interested behavior by the managers. This temptation to self-aggrandize is reinforced by having different sets of information available to agents and principals. This information asymmetry can mean that those who in practice discipline the managers may not be able to monitor cheaply the performance of the managers hence affecting the effectiveness, efficiency, economy and appropriateness of the organisations/corporations.

The East Asian crisis and the recent corporate scandals around the world coupled with the seemingly poor performance of corporate Africa in regard to financial management have given prominence and impetus to corporate governance on the continent. One of the most striking differences between countries corporate governance systems are the contrasts in the ownership and control of firms that exist across countries. Corporate governance systems can be distinguished according to the degree of ownership concentration and the identity of controlling shareholders. While some systems are characterized by wide dispersed ownership, others tend to be characterized by concentrated ownership where the controlling shareholder may be an individual, family holding, bloc alliance, or financial institution and other corporations acting through a holding company or via cross shareholdings assert Kithinji and Waweru (2007). Therefore, two of the most basic conflicts that can occur in corporate governance are the conflict between a controlling manager and ‘outside’ widely dispersed shareholders, and the conflict between ‘inside’ controlling shareholders and outside minority shareholders. This soon or later affects the financial performance of banks since transparency, accountability and openness in reporting and disclosure of information, both operational and financial may be compromised.

1.2.2 Theoretical Background

The study will be guided by the principal agency theory. According to Jensen and Meckling (1976), an agency relationship arises whenever one or more individuals, called principals, hire one or more other individuals, called agents, to perform some service and then delegate decision-making authority to the agents. It has been argued that the agency theory has been the most dominant issue in corporate governance and the principal-agent theory is generally considered the starting point of this debate. Agency theory hypothesizes that in the modern corporation, in which share ownership is widely held, managerial actions depart from those required to maximize shareholder returns reveal Bhagat and Black (2002). The assumption is that if the principal and agent have a common understanding in this case, the agency is obliged to provide quality financial reports to the Board of Directors. These relationships are not necessarily harmonious, indeed, agency theory is concerned with so called agency conflicts, or conflicts of interest between agents and principals.

This has implications for, among other things, corporate governance and business ethics. Ashbaugh, Collins and LaFond (2004) suggest that when agency occurs it also tends to give rise to agency costs, which are expenses incurred in order to sustain an effective agency relationship. Agency theory raises a fundamental problem in organizations' self-interested behaviour. A corporation's managers may have personal goals that compete with the owner's goal of maximization of shareholder wealth. Since the shareholders authorize managers to administer the firm's assets, a potential conflict of interest exists between the two groups. This theory will guide the study by analyzing whether the corporate governance systems used by commercial banks, always act according to their principal's interests of delivering services effectively, efficiently and economically. Time, effort, and skills contributed by customers are often critical to the provision, production, and delivery of services. Indeed some financial services can be produced only when directors, management and customers jointly contribute to their production.

The study will also be guided by the stakeholder theory. According to Bhagat (2004), stakeholder theory basically aims at striking a balance between the interests of a corporation's stakeholders and their satisfaction. It tries to identify the purpose of the firm. Identification of the firm's purpose therefore becomes the driving force underlying its activities posits Bhagat (2004). By highlighting the firm's responsibility to its stakeholders, the author states that it pushes the management to design and employ appropriate methodologies to determine the nature of the relationship between interested parties and the management in order to deliver on their purpose. Freeman further says that there is a realization that economic value is created by people who voluntarily come together, cooperate and hence improve everyone's circumstances reveal Brown and Caylor (2004). The theories may help explain the poor bank performance, when they emphasize the need for organisations to ensure proper organisational internal management so as to remain sustainable. This implies that if Stanbic Bank does not comply to what is suggested by the theories then its performance could remain low despite management's effort to implement corporate governance reforms.

1.2.3 Conceptual Background

Corporate governance is the international term associated with the trend towards greater corporate responsibility and the conduct of business within acceptable ethical standards as viewed by Brown and Caylor (2004). Brown and Caylor (2004) assert that transparency, accountability and openness in reporting and disclosure of information, both operational and financial, are internationally accepted to be vital to the practice of good corporate governance. According to Bhagat (2004), the object of good corporate governance is attained when institutions demonstrate their public accountability and conduct their business within acceptable ethical standards. This demonstration will take the form of effective financial reporting, both internally and externally, and the unqualified encouragement of public debate in respect of such financial reports. Consequently, effective

corporate governance in the public sector means that public officials must demonstrate compliance which according to Bhagat (2004) is supported through outwards and internal reporting.

From the foregoing analysis, Bhagat and Black (2002) argue that corporate governance is represented by the structures and processes laid down by a corporate entity to minimize the extent of agency problems as a result of separation between ownership and control. It must also be indicated that different systems of corporate governance will embody what are considered to be legitimate lines of accountability by defining the nature of the relationship between the company and key corporate constituencies. According to Bhagat and Black (2002) corporation financial structure can be perceived as a receptor of various factors deriving out of the firm and industry level, institutional, legal, political and social framework. Apart of these factors, capital structure bears the mark of the board of directors' decision in respect of the organization's financing policy, being deeply linked with the corporate governance area.

According Bushman and Smith (2001), board size and structure, CEO duality and CEO compensation and tenure are the key variables of corporate governance. Anderson et al. (2004) highlighted that it is cheaper for organisations with a large board to attract external financial resources since creditors perceive these organisations as having a rigorous monitoring of the financing decision. Core, Holthausen and Larcker (1999) assumed that outside directors have the incentive to monitor managers very strictly, determining them to adopt a lower leverage in order to encourage a high market value of equity. Core, Holthausen and Larcker (1999) set forth that the effectiveness of the board role diminishes in case of dual leadership since one person is entitled to manage both the operations and the internal controlling.

1.2.4 Contextual Background

Commercial banks are distinguished from other financial institutions by their accepting deposits and provision of credit. Loans are the basic source of revenue and a major part of asset for banks. However, poor management of credit has historically been a major cause of bank failure (Comptroller's Handbook, 1998). In the case of Uganda, the financial sector has undergone several reforms geared among other things towards improvement of bank performance. Joseph and Dai (2009) points out that the poor performance of banks is closely associated with managerial incompetence. The Stanbic Banks Annual report (2010) states that the bank's approach to corporate governance is based on a well established governance structures and relies on both individual responsibility and collective oversight supported by comprehensive reporting. Likewise, the bank also has governance structures in form of risk management committee of the board of directors, credit risk committee, audit committee and internal audit assurance whose primary objective is to provide assurance to the audit committee on the quality of controls as stated by the Stanbic Bank Annual report of 2010.

According to the report, effective policies and procedures have enabled SBUL to maintain sound credit-grading standards, monitor and control credit risk, properly evaluate new business opportunities, and identify and administer problem credits. Despite the existence of a robust governance framework, the bank has continued to record poor performance of the bank's portfolio. The Bank of Uganda On-Site Examination Report (2010) revealed that for the financial year 2008/09, credit risk had increased from UGX. 0.8 billion to UGX.4.8 billion indicating a 600% increase in credit risk within a period of one year which was justification for the reduction in the profits of the bank by 23%. According to the bank's performance of 2009, Stanbic Bank made a pretax income of UGX. 122.5 billion and in 2010 recorded UGX. 87.6 billion showing a decrease of 34.9 billion in pretax income of the bank. In regard to profit after tax, the bank realized UGX 72.1

billion showing a decrease of 24.4% from UGX. 95.3 billion. According to the reports, the poor management of credit risk has contributed to the declining profits of the bank causing the bank failing to meet projected portfolio performance.

The Head Risk Department revealed that the rise in non-performing assets has been recorded for both individual and corporate clients. The Head revealed that the bank operates schemes with corporate companies through which credit is extended to their staff. Under this scheme, the bank enters into Memorandums of Understanding (MOU) with the management of these companies to extend their staff credit at relatively lower interest rates compared to the running rates in the market. In the MOUs, the decision to either deduct staff repayments at source or by standing order is agreed upon. However, over the years the loan scheme has proved to be risky due to delays in updating payrolls and negligence on the part of human resource officers. In regard to making staff repayment deductions at source, some companies do not remit the money on time hence putting staff in arrears reveals the SBUL Quarterly Review (2010). Similarly, for repayments made by standing order, staff draw the money off their accounts before deductions are made by the bank. Likewise, delays in salary payments also cause staff under standard order loan repayments to go into arrears. According to the data of the bank, aggregate portfolio risk had an annual growth rate of 17%.

For the years 2009 and 2010, the bank closed with arrear rates of 3.6% and 5.46% respectively. Likewise, the bank's lending performance for the last three years reveals that it has continued to record average arrear rates of 3.24% and Non-Performing Assets (NPA) rates of individual loans of 1.4% where the acceptable rate by Bank of Uganda is 1%. The above weaknesses may be responsible for the growing credit risk at the bank. It is upon this background that the study seeks to examine the level of performance at Stanbic Bank.

1.3 Statement of the Problem

For any commercial bank, corporate governance is an essential tool for bank performance (SBUL Strategic Plan (2014)). The management of the Stanbic bank has made attempts to improve bank performance through system and procedure integration of the governance structures. The SBUL Annual Report (2014) revealed that although the restructuring of governance structures at SBUL has been on going in a bid to improve bank performance, the bank has continued to record growth in bad debts and loan arrears which has made bank performance vulnerable. For example, the SBUL Annual Reports (2009, 2010 and 2011) revealed that the bank registered a 12%, 15% and 17% annual growth rates in credit risk respectively. The reports further revealed that the bank's portfolio performance continued to decline with arrear rates averaging at 3.24% and Non-Performing Assets (NPA) rates of 1.4% exceeding the acceptable rate by Bank of Uganda (1%) by 40%. Similarly, the bank has continued to record declining credit repayments evidenced by the reducing credit recovery rates and growing arrears rates which have affected the portfolio performance (SBUL Quarterly Review, 2013). The poor portfolio performance has had a negative impact on the different stakeholders of the bank. The Stanbic bank HR Report (2011) showed that several members of staff in the credit, risk departments among others were downsized due to the decline in the performance of the bank. For example, there was a continuous decline in the dividend payments to shareholders for three consecutive financial years starting 2010, 2011 and 2012. The BoU Performance Review Report (2012) showed that the bank's portfolio at risk steadily increase for the period 2010 to 2012 during which the bank also continued to record an annual arrear rate of 15%. The SBUL Annual Report (2010) showed that lapses in credit risk assessment, monitoring and control may explain the poor bank performance. This raised the researcher's curiosity and hence the need to establish the effect of corporate governance on organizational performance at SBUL.

1.4 Purpose of the Study

The study will examine the effect of corporate governance on organizational performance in commercial banks in Uganda using Stanbic Bank as a case study.

1.5 Research Objectives

- i) To establish the effect of transparency on organizational performance at SBUL.
- ii) To examine the effect of accountability on organizational performance at SBUL.
- iii) To establish the effect of board composition on organizational performance of at SBUL.

1.6 Research Questions

- i) What is the effect of transparency on organizational performance at SBUL?
- ii) What is the effect of accountability on organizational performance at SBUL?
- iii) What is the effect of board composition on organizational performance of at SBUL?

1.7 Hypotheses of the Study

The study will be guided by the following hypotheses;

- i) Financial transparency enhances organisational performance.
- ii) Accountability has a positive significant effect on organisational performance.
- iii) Board composition greatly contributes to organisational performance.

1.8 Conceptual Framework

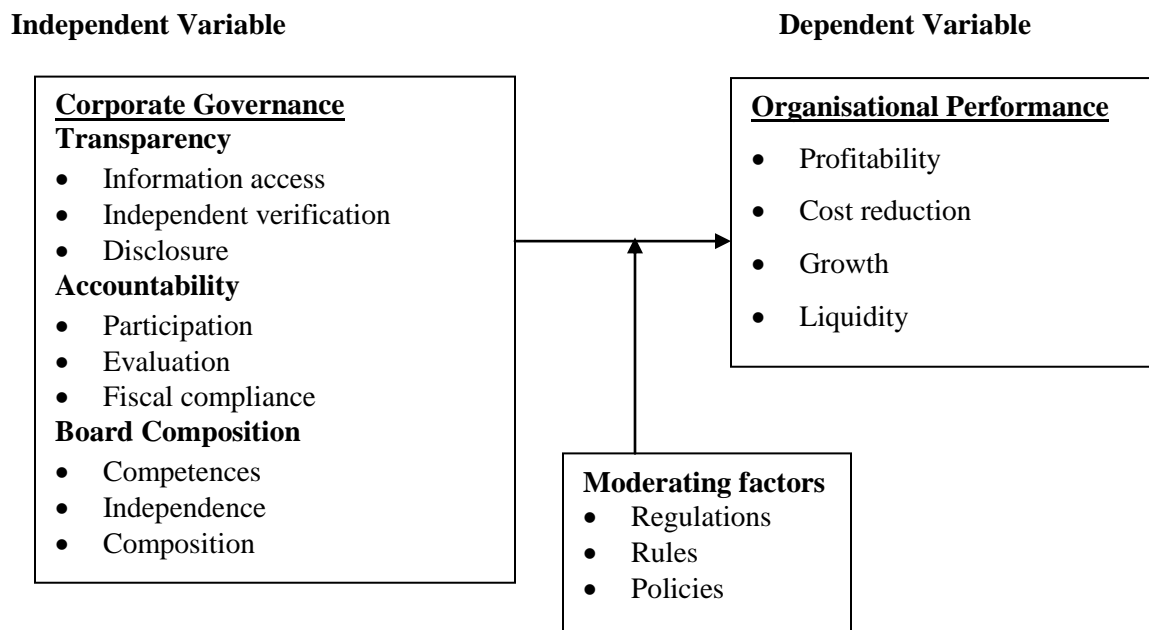
The conceptual framework was developed after review of related literature on the study variables.

The conceptual framework shows the relationship between the study variables under investigation.

The independent variable will be corporate governance with organisational performance as the dependent variable. The model shows that corporate governance influences organisational performance of banks. Corporate governance will be measured inform of accountability,

transparency and board composition. The framework shows the different determinants of organisational performance of banks in Uganda. The dependent variable is organisational performance (profitability, growth, liquidity and cost reduction) and the moderating factors will be measured inform of regulations, rules and policies.

Figure 1.1: Conceptual Framework



Source: Adopted with modifications from the literature of Abor and Biekpe (2007); Awio and Northcote, (2007); Leblanc and Gillies, (2005); Heidi and Marleen, (2003); Agrawal and Chadha (2005)

Corporate governance plays a pivotal role in the enhancement of bank performance. Therefore, the study attempted to establish the relationship between corporate governance and organisational performance in Stanbic bank. The key factors related to organisational performance are synthesized to form this presented conceptual framework. The dependent variable is organisational performance whereas, the independent variables comprised of accountability, transparency and board composition. Organisational performance is the variable of interest in which the variance is attempted to be explained by three independent variables; accountability, transparency and board composition. Therefore, the study attempted to establish how the identified corporate governance

dimensions affect organisational performance in commercial banks with policies, rules, regulations and competition moderating the relationships.

1.9 Significance of the Study

To date there has been much research carried out on the effect of corporate governance on organizational performance in commercial banks. This study will therefore add knowledge to the already existing current stock of knowledge regarding this area of study for future researches especially the study of variables and their relationships. The findings of the study is also vital to policy makers as it clearly points out the effect of corporate governance on organizational performance in banks as well as other factors which affect performance. The possible solutions to these causes may be used by policy makers since they are a point of reference while writing government policies. The commercial banks will therefore benefit since the right recommendations which suit their particular problems have been made. The findings of the study enlighten the relevant authorities, namely the staff, public top/senior management and finally the State and its organs, on the areas that need improvement. And when this improvement is effected, bank performance will raise hence clients benefiting in terms of effective and efficient service delivery. The study also makes recommendations for what should be done in order to improve on corporate governance and reduce its negative effects on bank performance.

1.10 Justification of the Study

SBUL is Uganda's leading commercial bank commanding 27% of market share with almost presence in every district in Uganda. SBUL offers a collection of appropriate financial services to both economically vibrant and disadvantaged Ugandans, of whom the latter are the majority states the SBUL Annual Report (2010). These financial services include savings, credit, funds transfers, financial training, time deposits and cheque clearing. However, despite being the market leader in

Uganda's financial sector, this has not made the bank immune to performance challenges. Therefore, strengthening corporate governance at the bank has recently become a central part of the performance agenda. The link between corporate governance and organisation performance is increasingly being appreciated. Therefore, corporate governance has been identified as a means of causing improved bank performance at the bank.

1.11 Scope of the Study

1.11.1 Subject Scope

In terms of the content scope, this study will specifically seek to determine the relationship between accountability and organizational performance, transparency and organizational performance, and board composition and organizational performance at Stanbic Bank Uganda Limited.

1.11.2 Geographical Scope

The study will be centred on SBUL headquarters are located on Crested Towers, Hannington road, Plot17, Central division, Kampala district and the branches in Kampala district. The headquarters of SBUL will be chosen because that is where all governance decisions are centralized.

1.11.3 Time Scope

The study covered a period of 7 years from 2009-2015. The researcher will consider this period to be long enough for proper assessment of corporate governance on organisational performance in SBUL given that this is the period during which the bank continued to experience a tremendous increase in non-performing assets.

1.12 Definition of Terms

- Board composition refers to issues related to board independence, diversity of board members, and CEO duality.

- Accountability is the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. It also includes the responsibility for money or other entrusted property.
- Transparency is the minimum degree of disclosure to which agreements, dealings, practices, and transactions are open to all for verification.
- Corporate governance refers to the system by which companies are directed and controlled.
- Organisational performance refers to an analysis of a company's performance as compared to goals and objectives.
- Performance means both behaviours and results or employee outputs that focus on quality and quantity of work and the time taken to release such outputs.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This study aims at contributing to the discussion on organizational performance of commercial banks by considering not only the quantitative variables already mentioned in the framework, but also those of a qualitative or strategic nature. It is structured starting with a brief summary of the different theoretical approaches analyzing organizational performance, then the peculiarities of organizational performance determinants for banks and finally their relationship with corporate governance of banks.

2.2 Theoretical Review

Mugenda and Mugenda (2003) define a theory as a system of explaining phenomena by stating constructs and the laws that interrelate these constructs to each other. The study can be based on several theories that link corporate governance to bank performance. Agency theory is concerned with the relationship between the principal and the agent. Jensen and Meckling (1976) defined the agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent. In the case of commercial banks in Uganda the principal would be the bank board of directors while the agent would be the management of the banks. Bhagat and Black (2002) state that in financial management the primary agency relationships are between shareholders and managers and between shareholders and debt holders.

Stewardship theory is an alternative view to the agency theory and the key aspect of it is that managers will act responsibly as stewards of the resources they are in charge of. Under this theory,

far from being an opportunistic shirker, essentially wants to do a good job, to be a good steward of the corporate assets. The theory holds that there is no inherent, general problem of executive motivation. Given the absence of an inner motivational problem among executives, there is the question of how far executives can achieve the good corporate performance to which they aspire. Thus, stewardship theory holds that performance variations arise from whether the structural situation in which the executive is located facilitates effective action by the executive. Structures will be facilitative of this goal to the extent that they provide clear, consistent role expectations and authorize and empower senior management.

The Resource Dependency theory is based on the premise that an organization depends on its environment for its resources and as such it must establish good relations to ensure constant flow of the resources and information. Their main emphasis was on power and they stated that if dependence of resources comes from relying on a sole-supplier, then the solution is to find and maintain alternatives. Another solution is in the selection of the board members. The theory suggests that an organization can manage uncertainty by inviting a representative of the source of constraint onto its governing board thus trading sovereignty for support.

The Stakeholder theory is on the basis that organizations should be responsible to stakeholders in society other than just an organization's owners states. There can be no truly sustainable development progress without an ethically critical consideration of stakeholders. It is precisely through stakeholder theory's challenging dilemmas such as who is the customer, the beneficiary or the donor? that one gains a platform for broader considerations. The key stakeholders for the banks working in Uganda are the customers, providers, government and employees. The banks' main responsibility lies with these stakeholders.

2.3 Corporate Governance

Over the recent past, the world economy has been caught up in what can best be described as Corporate Governance Euphoria. Serving as an impetus to this trend since late 1990s and the early years of 2000s, is what one can justifiably consider to be the worst sweeping corporate scandals that saw the demise of what formerly were considered to be the world's corporate Abor and Biekpe (2007) observed that the reasons responsible for growing corporate governance included; world-wide wave of privatization of the past two decades, the takeover wave of the 1980s, the deregulation and integration of capital markets, the 1997 east Asian crisis, and the series of recent corporate scandals in the US and elsewhere. According to Agrawal and Chadha (2005), worldwide notable cases of corporate catastrophes with mistreatment of corporate governance being the known primary source of the problems in the past 20 years have included a list of prominent companies like Enron, WorldCom, Inc. and Barings all of which and many others including: Pamalat, Adelphi, are good cases of corporate governance failure.

The rapidly developing body of literature on corporate governance began with the classical thesis, the modern corporation and private property by Core, Holthausen and Larcker (1999), this addressed the fundamental problem in the then firms where there was separation of ownership and control. Such companies are run by professionally qualified managers acting as agents, who are accountable to dispersed shareholders being the principals. Good corporate governance could greatly impact on the operations of a firm. The four main aspects of improving corporate performance include; strategic direction, financial expectations, transparency and accountability issues and shareholder activism. Strategic direction defines the firm's long term direction. It requires the appointment of board members with proper competences and skills mix. Appointing the board, must bring right thinking individuals into the organisation in order not to adversely affect the entrepreneurial

direction of the firm. The appointment of right-thinking individuals in the firm will usually result in more attention being paid to innovation, proper oversight and improved performance.

2.4 Organisational Performance

The ultimate goal of a business organization is higher financial performance or maximization of wealth for stake holders (Joseph and Dai, 2009). Nonetheless, attaining the organization's goals depends upon the extent to which its organizational performance is reached (Katou and Budhwar, 2007). Organizational performance is generally indicated by effectiveness, efficiency, satisfaction of employees and customers, innovation, quality of products or services, and ability to maintain a unique human pool. The organizational performance variables of the present study included features such as product quality, customer satisfaction, new product development, ability to attract employees, ability to retain employees, and relationship between management and employees.

According to Kaplan and Norton (1993), organizational performance means the transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness). Sales performance can be explained as all the activities or investment carried out in the firm in the given period of time. It can be measured by total amount of revenue collected for the goods sold. Growth revenue is defined as total amount of money collected by the company for the goods they sold in a specific time and this amount is calculated before any expenses are subtracted. Effectiveness of the organization depends on the three basics performance determinants which include; efficiency and process reliability; human resource and relations and innovation and adaptation to environment (Joseph and Dai, 2009).

Efficiency is defined as a term practiced by organization or firm to use people and resources to carry out important operations in a way which minimizes the costs. When the resources are used in a proper way as compared to the competitors the cost of operation will decrease and the profit margin will increase. Efficiency is important when the competitive strategy of the firm offers products and services at lower rates than the competitors. Human resource relation is defined as trust, organizational commitment, collective identification and cooperation among the employees (Joseph and Dai, 2009). Most organizations view their performance in terms of effectiveness in achieving their mission, purpose or goals. Most public organisations, for example, would tend to link the larger notion of organizational performance to the results of their particular programs to improve the lives of a target group (Katou and Budwar, 2007). At the same time, a majority of organizations also see their performance in terms of their efficiency in deploying resources. This relates to the optimal use of resources to obtain the results desired.

Finally, in order for an organization to remain viable over time, it must be both financially viable and relevant to its stakeholders and their changing needs. In the Organisational performance framework, these four aspects of performance are the key dimensions to organizational performance. Organizations exist within certain external contexts or environments that facilitate or impede their performance. Key factors in the policy or regulatory environment, and in the economic, political, socio-cultural, environmental and technological contexts, affect how the organization does its work, or the work it does (Kaplan and Norton, 1993). Internally, performance is driven by the organization's motivation to perform, which refers to the organizational culture, history, mission, values and incentive systems. These factors affect the quality of work, the nature of how the organization competes, and the degree of involvement of internal stakeholders in decision-making processes. Performance is driven, in part, by organizational capacity, which we now understand as

existing in seven basic areas: strategic leadership, human resources, financial resources, infrastructure, programming and process management, and inter-institutional linkages (Usha, 2009).

Each of these seven capacity areas may be described in sub-components, as for example in the organization's strategic leadership capacity which is understood as its structure, governance, leadership, strategic plans and niche management. Human resources, financial resources and infrastructure are seen as resources as well as the management of these resources (Katou and Budwar, 2007). Organizations also have capacities that result from the relations, partnerships and alliances they have established with other organizations referred to as inter-institutional linkages. Kaplan and Norton (1992) explains balanced scorecard methodology as a comprehensive approach that analyzes an organization's overall performance in four ways, based on the idea that assessing performance through financial returns only provides information about how well the organization did prior to the assessment, so that future performance can be predicted and proper actions taken to create the desired future.

The methodology examines performance in four areas: cost analysis in terms of procurement is the most traditionally used performance indicator, which includes assessments of measures such as operating costs and return on investment, customer analysis looks at customer satisfaction and retention; internal analysis looks at production and innovation, measuring performance in terms of maximizing profit from current products and following indicators for future productivity; and finally, learning and growth analysis explores the effectiveness of management in terms of measures of employee satisfaction and retention and information system performance (Joseph and Dai, 2009). As a structure, balanced scorecard methodology breaks broad goals down successively into vision, strategies, tactical activities, and metrics.

2.5 Accountability and Organisational Performance

Awio, Lawrence and Northcote (2007) posit that accountability is concerned with giving explanations through a credible story of what happened, and a calculation and balancing of competing obligations, including moral ones. Accountability ranges more freely over time and space, focusing as much on future potential as on past accomplishment, connecting and consolidating performance reports to plans and forecasts. Accountability is concerned with giving explanations through a credible story of what happened, and a calculation and balancing of competing obligations, including moral ones. Broadbent and Laughlin (2003) contend that the provision of more detailed information does not automatically lead to greater accountability. According to Barton (2006), accountability requires openness, transparency and the provision of information. Accountability ranges more freely over time and space, focusing as much on future potential as on past accomplishment, connecting and consolidating performance reports to plans and forecasts.

Broadbent and Laughlin (2003) proposed two aspects of accountability thus, public accountability, which involves the public as principals and is concerned with issues of democracy and trust, and managerial accountability that is concerned with day-to-day operations of the organisation. Under managerial accountability the provision of detailed information is not directed to being more accountable to the public but that rather, it is an attempt by the principals to control the agents (managers) and legitimize past decisions and actions. Therefore, Goddard (2005) revealed that greater accountability is often presumed to provide more visibility and transparency for organisational activity, enabling appropriate organisational behaviour and ultimately. It is increasingly used in political discourse and policy documents because it conveys an image of transparency and trustworthiness. Mulgan (2008) contends that an accounting system is a way of keeping a written record of transactions. Receipts are given for all money that is received by an

organization and receipts are asked for every time money is spent. According to Core, Holthausen and Larcker (1999) an accounting system consists of business papers, records, reports and procedures that are used by an organization in recording transactions and reporting their effects. Goddard (2005) said that an accounting system, regardless of the size of the organization is designed to collect, process and report periodic financial information about the entity.

2.6 Transparency and Organisational Performance

Corporate governance is about building credibility, ensuring transparency as well as maintaining an effective channel of information disclosure that would foster good corporate performance. It is also about how to build trust and sustain confidence among the various interest groups that make up an organisation. UNCTAD (2006) states that one of the major responsibilities of the board of directors is to ensure that shareholders and other stakeholders are provided with high-quality disclosures on the financial and operating results of the entity that the board of directors has been entrusted with governing. The objectives of the enterprise, ownership and shareholder rights should also be disclosed. Many shareholders and stakeholders would be interested in information that would help them determine that management is running the enterprise with the best interest of all shareholders and stakeholders in mind and not to unduly benefit any related parties.

Sandeep *et al*, (2002) asserts that transparency is integral to corporate governance, higher transparency reduces the information asymmetry between a firm's management and financial stakeholder's, mitigating the agency problem in corporate governance. Today, after many scandals and financial crises, the transparency in corporate governance is the debate du jour. Transparency lies at the intersection between the public's right to know and corporation's right to privacy. The public's right to know, means the stakeholders interest in obtaining corporation information about management and strategy. According to Leblanc and Gillies (2005), stakeholders includes

employees, unions, and governments at various levels, media, customers, suppliers, financial institutions, various nongovernmental corporations with broad or narrow agendas, and the even the public at large. The stakeholders have a legitimate claim to know vast quantities of information about corporation's actions and intents. The corporation's right to privacy means the corporation's right to control the collection, use and disclosure of all information and management strategies related of the corporation. Financial reports include filings and documents required by law, as well as those expected by lenders, investors, employees, donors, or board members.

2.7 Board Composition and Organisational Performance

According to the Committee on Corporate Governance (1999) the board composition allows for effective decision making and supervision of the management. Further to this the board size should give room to fruitful discussions and appropriate, swift and prudent decisions. There is no perfect number of board members due to the different factors that may influence the board size e.g. corporation's size, the business environment and special characteristics. The board should include outside directors in order to maintain practical independence and the appointment of board members should be through a transparent procedure that reflects broadly the diverse opinions of shareholders. Board members should also be competent and professional. Board size is one of the well-recognized dimensions of board composition examined in the literature.

Gompers, Ishii, and Metrick (2003) analyzed the composition of the board of directors and concluded that the size of the board does not enhance the returns of the company. As shown, most of the studies examining board size effect on financial performance have confirmed Gompers, Ishii and Metrick (2004) findings that board size and financial performance of a firm were negatively correlated. This idea suggests that as the size of the group increases, communication and coordination problems increases assert Gompers, Ishii, and Metrick (2003). Anderson, Mansi and

Reeb (2004) reveal that although many of the studies suggest a positive relationship between outsider-dominated boards and the performance of the company, some studies found no significant relationship between the proportion of inside/outside directors and company performance. Moreover, some studies support a negative relationship between the previously mentioned variables. For example, Rosengren (1998) findings, which depended on a two-tier board structure proposed that the proportion of inside directors has an inverse relationship with financial performance. For a successful decision making process, stewardship theory claims that a significant proportion of dependent directors is required in managerial boards. Capiro and Levine (2002) posit that the rationale of this claim is based on the idea that dependent directors can better understand not only the business processes but also the environmental factors. Therefore, they can govern their businesses more successfully than independent directors.

2.8 Empirical Studies

A number of studies have been conducted on the effect of corporate governance on organisational performance. Matama (2012) undertook a study to examine the role of corporate governance in promoting financial performance of selected commercial banks in Uganda and established that corporate governance determined a variance in the general financial performance of commercial banks in Uganda. From his findings, he showed that it was obvious that trust had a significant impact on financial performance; given that transparency and disclosure boosts the trustworthiness of commercial banks.

Zvavahera and Ndoda (2014) in their study on corporate governance and ethical behaviour established that top management and the board were corrupt. There was lack of accountability and transparency in the way business was being done. It was reported that employees went for over seven months without salaries yet top management and the Board paid themselves handsomely.

They further noted that bad corporate governance and unethical behaviour had serious negative implications on both organisational and employees' performance. Bauer, Frijns, Otten and Tourani-Rad (2006) conducting a study on the impact of corporate governance on corporate performance revealed that provisions towards financial disclosure, shareholder rights and remuneration do matter for stock price performance. The importance of board accountability, market for control and corporate behaviour is limited.

Ojok Boniface (2012) conducted a study to examine the effect of corporate governance on organisational performance in selected non-governmental organisations in Gulu district in Uganda and established that financial transparency, accountability and board composition were significant predictors of organizational performance. From the findings, NGO transparency in regard to provision of information that accurate, true and non-selective enhanced their performance. Similarly, stakeholder participation, evaluation and fiscal compliance enhanced NGO performance. On the other hand, board independence, competence and composition led to better financial decision making and thereby better NGO performance. From the studies that have been conducted, there seems to scanty literature on the effect of corporate governance on organisational performance on Uganda's banking sector therefore, necessitating a study to be carried out to bridge the gap in literature.

2.9 Synthesis of the literature review

The reviewed literature puts a lot of emphasis on corporate governance and organisational performance in public organisations focusing less on private organisations. This has contributed to inadequate literature on the association between corporate governance and organisational performance and more specifically in Uganda's banking sector. On the other hand, much of the available literature is centred on developed economies and little or no research has been conducted on the subject in developing economies such as Uganda. This has left a literature gap which the study

intends to close by carrying out a study on the effect of corporate governance on organisational performance in Uganda banking sector. As observed from the assertions of the studies reviewed in literature, there is some level of corporate governance in regard to transparency, accountability and board composition in Uganda's banking sector. However, this is still in its infancy stage given that Uganda's banking sector has just been undergoing reforms over the years. This is given credence by the recent closure of some banks in the sector as a result of lapses in corporate governance which resulted into their poor performance forcing the central bank to be closed or taken over by other banks. To this end, the banks have not realized the tangible benefits of corporate governance as a growth strategy. This may explain why in Stanbic bank is still facing challenges of growth in revenues, profits, liquidity, sales and costs. The literature review presents gaps and arguments that need to be authenticated through investigation. This has left a literature gap which the study intends to close by carrying out a study on the effect of corporate governance on organisational performance in commercial banks in Uganda using Stanbic bank as a case study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter describes how the study will be conducted. It focuses on the research design and approaches that will be adopted, the study area, target population, sampled population, sample size and selection. The chapter examines data collection instruments, sampling techniques and procedures, pre-testing of instruments, methods and procedures for data collection and analysis.

3.2 Research Design

The study will adopt a cross-sectional research design to help explain the current situation on organisational performance and analyze the inherent problem when dealing with quantitative data. Cross sectional case study is a research design in which one or more samples of the population is selected and information is collected from the samples at one time assert Mugenda and Mugenda (2003). The design will be descriptive and analytical in nature. For qualitative data, the study will adopt the field research method where the researcher will go to the field take extensive field notes which will be subsequently coded and analyzed in a variety of ways posits Sekeran (2003).

3.3 Study Population

Population refers to an entire group of individuals, events or objects having a common observable characteristic as Mugenda and Mugenda (2003) posit. The population of the study will be 130 comprising of the 10 executive committee members, 30 heads of departments, 10 branch managers, 20 unit/sectional managers at the head office, 20 team leaders and 40 relationship managers as stated in the Stanbic Bank Performance Report of 2014.

3.4 Sample Size Determination

A sample is a proportion of the population whose results can be generalized to the entire population as defined by Amin (2005). The sample size of the study will be 116. The sample size will be derived using the Krejcie and Morgan (1970) statistical table adopted from.

Table 3.1: Sample Size Determination

Respondent Category	Total Population	Sample	Sampling Technique
Executive committee members	10	6	Purposive sampling
Heads of Departments/Sections	30	28	Simple random sampling
Branch managers	10	10	Purposive sampling
Managers	20	18	Simple random sampling
Team leaders	20	18	Simple random sampling
Relationship managers	40	36	Simple random sampling
Total	130	116	

Source: Human Resource Report, 2015

3.5 Sampling Technique and Procedure

Mugenda and Mugenda (2003) define sampling as a formulation of a procedure of selecting the subjects or cases to be included in the sample. This study will use simple random sampling and purposive sampling methods to select the sample. According to Mugenda and Mugenda (2003), simple random sampling involves allocating equal chance to the selected elements in the population. This method involved giving a number to every respondent in the accessible population, placing the numbers in a container and then picking any number at random. This will be used during the selection of heads of departments, managers, team leaders and relationship managers. Purposive sampling is a sampling technique that allows a researcher to use cases that have required information with respect to the objectives of one's study. Cases of subjects are therefore handpicked because they possess the required information. Purposive sampling will be used to select the executive members and branch managers who are informative and knowledgeable about corporate governance and bank performance.

3.6 Data Collection Methods

The decision regarding data collection methods will be guided by two important factors, mainly: the material under study and type of information required. In this study, primary data will be collected using questionnaires and interview while secondary data will be collected by using documentary reviews. The questionnaire will be the key method for primary data collection. The questionnaire method is chosen because it has the advantage of eliciting a lot of information within a short time. Amin, (2005) defines questionnaire as a form consisting of interrelated questions prepared by researcher about research problem under investigation based of the study. Questionnaire posses the relevant information, it is less costly method. It is also good for confidentiality purposes. The self-administered questionnaires will be given to employees to fill.

Interview will be used as a supplementary method for data collection. An interview is a purposeful discussion between two or more people. This method of collecting data involves presentation of oral-stimuli and replies in terms of oral verbal responses. The executive committee members and branch managers will be purposely selected because of their role in the bank performance. Interviews for all respondents will be conducted after they have filled the questionnaire. This method is preferred because it is flexible enough to allow the interviewer to ask supplementary questions. The researcher will also obtain some of necessary secondary data information through documentary review. Information will be got from documents like; Stanbic bank annual reports, Stanbic bank strategic plans, Bank of Uganda reports, performance reports among others.

3.7 Data Collection Instruments

The tools that the researcher will use for collecting data will included a self administered questionnaire, interview guide and documentary review checklist.

3.7.1 Structured Questionnaire

Self administered questionnaires will be used for the heads of departments/sections, managers and team leaders. Structured questions arranged per objective will be used for employees because this is the most appropriate instrument for a big sample. The questionnaire will use a 5- point Likert scale ranging from 5 {strongly agree} to 1 {strongly disagree}, in order to provide consistent responses. The questionnaire will be systematically organized to include demographic characteristics of the respondents, corporate governance and organisational performance.

3.7.2 Interview Guide

Interview guide will be used for the executive members at the managerial level in order to obtain in-depth information. Interviews have been opted because of seniority of the top management participation. An interview guide will be used to supplement the questionnaire and get first hand narrative vital while meeting management committee members.

3.7.3 Document Review Checklist

Document analysis will involve reviewing existing publication and literature related to the study problem and cross reference with what the study discovered. Sarantakos (2005) asserts that reviewing documents gives an in depth study of corporate governance towards bank performance. Similarly, in this study, following the researcher being granted permission to carry out the research at Stanbic bank, he will avail him documentary checklist to the concerned authorities, thus, the research & development and library departments to enable her access the listed or necessary documents for perusal, studying of written documents and recording of facts where necessary.

3.8 Validity and Reliability Tests

In order to make sure that quality and relevant data is collected, the research instruments will be tested for validity and reliability as follows;

3.8.1 Validity Test

To ensure validity the researcher will consult the supervisors at UTAMU who will help in constructing data collection instrument and made sure that each item has a link to the objectives of the study and ensure all items cover full range of issues being measured. Face validity will be established where tools and questions will be chosen rationally, an appropriate way to find out what is being measured, content validity will focus on the extent to which the contents of an instrument corresponds to contents of the theoretical concept designed to measure according to Amin, (2005). The instruments will be discussed with the supervisors and later pre-tested using a sample of 12 respondents within the study population which will be asked to fill them and later give comments on their accuracy and clarity, and after pre-testing ambiguous questions will be reconstructed. To measure validity of variables and measures of dimensions of corporate governance and bank performance, a validity test will be carried out using content validity index (CVI) formula prior to the administration of the research instruments. This is intended to find out whether the questions are capable of capturing the intended data that is stated in research objectives and questions.

3.8.2 Reliability Test

To test reliability of instruments the researcher will administer, pre-test for consistency and logic flow of questionnaires prior actual data collection all data collection tools and items will be subjected to pre -test or pilot study at Stanbic bank on a small sample of 12 staff to check for the clarity of the questions asked and the time required for data collection the researcher construct research instruments and analyze the pre-test results using computer program SPSS and Cronbach's Alpha split the questions on the instrument in a possible way and computed correlation values for them all. The computer program will be used for this part in the end the computer generated one number for Cronbach's Alphas.

3.9 Data collection Procedure

The researcher will submit her proposal to University for approval. Upon successful defense of the proposal, the researcher will obtain a cover letter from UTAMU authoring him to conduct the research. Questionnaires will be hand delivered to the respondents assuring them of voluntary, confidentiality and anonymity, completed questionnaires will be collected after 5 days. The researcher will contact key informants and provide them with the necessary details of the study seeking their consent to participate in the study and requesting for a date on which the interview can be conducted.

3.10 Data Analysis

After participants responding to the questionnaires and interviews, raw data will be cleaned, sorted and entered using statistical data entry form designed in Statistical Package for Social Sciences (SPSS) software for analysis according to the objectives of the study. Data will be organized and analyzed using a 5 Likert scale. Questionnaire data will be obtained from questionnaires each questionnaire will be given a unique serial number extracting of inertial summaries by data reduction using soft numbers coding by categorizing data, sorting and filling will be carried out. Statistical package for the social sciences (SPSS) student version of 18.0 will be used to aid the processing and summarizing of information got from the questionnaires.

Qualitative data collection will be sorted out and interpreted manually from respondents each interview will be analyzed and interpreted using content analysis to appropriate the nature of the collected data before emerging themes are identified using “Template analysis” approach analysis of qualitative data will be done to identify similarities across several accounts as well as direction. Data will be categorized into recurrent themes that seem relevant to answer the research question, descriptive analysis will be made from information obtained from the questionnaires and interviews key categorical variables such as gender, education of respondents will be presented in a table form.

Triangulation is one of the several rationales for multi-method research and also offered the prospect of enhanced confidence. The researcher used data triangulation, which entailed gathering data through several sampling strategies, so that segments of data at different times, as well as on a variety of people were gathered. This provided invaluable information and gave the evaluation heightened status within the area of study.

3.11 Measurement of Variables

The variables will be measured by defining concepts. For instance the questionnaire will be designed to ask for responses about leadership behaviour and employee performance. These will be translated into observable and measurable elements so as to develop index of the concepts. The researcher will categorize the data collected in an orderly form using the 5 Likert scale used on the questionnaire as indicated below where; 1= Strongly agree, 2= Agree, 3= Undecided, 4= Strongly disagree, 5= Disagree. Socio economic attributes like age, sex, employment period/duration of service, academic levels will be measured at nominal and ordinal scales depending on the variables.

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APPENDIX I

QUESTIONNAIRE

Dear Respondent,

This questionnaire is aimed at collecting data to undertake a study on Corporate Governance and Organisational Performance of Commercial Banks in Uganda: A Case of Stanbic Bank Uganda Limited. The research is in partial fulfillment of the requirements for the award of a Master of Business Administration of Uganda Technology and Management University. All information provided will be treated with utmost confidentiality and will be used for purely for academic purposes.

SECTION I

SECTION I: General Information (Please tick in the appropriate option)

1. What is your gender?

Male	Female

2. What is your age bracket?

20-25 years	26-30 years	31-35 years	40 years and above

3. How long have you worked at the SBUL?

Less than 1 year	2 – 3 yrs	4 – 5 yrs	6 – 10 yrs	Above 10 yrs

4. What is the highest level of education you have attained?

Diploma	Degree	Postgraduate Diploma	Professional Qualification	Masters	other

5. What is your level of management?

Top management (1)	Middle Management (2)	Supervisor (3)	Officer (4)

SECTION II: Board Composition

Please indicate the extent of your agreement with statements listed below ranging from 5- strongly agree (SA), 4- agree (A), 3 not certain (NS), 2 disagree (D), 1- strongly disagree (SD).

Items	SD	D	NS	A	SA
Competencies					
I demonstrates self confidence by getting involved in decision making	1	2	3	4	5
Board members possess the required knowledge and skills required to perform their roles	1	2	3	4	5
Board members provides mutual support and monitor the operations of the bank	1	2	3	4	5

Board members have the capability of assessing monetary and financial documents	1	2	3	4	5
Board members have the capacity to develop policies and procedures	1	2	3	4	5
The management committee of the bank is competent to handle the operations of the bank	1	2	3	4	5
The management committee is independent during decision making	1	2	3	4	5
Board composition is diversified in regard to skills and competences	1	2	3	4	5
Composition					
The boards are composed of competent members	1	2	3	4	5
During board formation, representation of all stakeholders is considered	1	2	3	4	5
The integrity of board members is considered during board composition	1	2	3	4	5
When appointing board member, there is gender balance	1	2	3	4	5
During board composition, members' track record is considered	1	2	3	4	5
The board co-opts members with expert knowledge and skill in particular fields.	1	2	3	4	5
Independence					
The board has the mandate to carry out resource allocation	1	2	3	4	5
The board takes decisions independently	1	2	3	4	5
The board of the bank is autonomous	1	2	3	4	5
The board decides on the internal controls to be instituted at the bank	1	2	3	4	5
The bank has administrative and financial autonomy	1	2	3	4	5
The bank is at liberty to carry out policy reviews	1	2	3	4	5
The board delegates some of its responsibilities to sub-committees or subordinates	1	2	3	4	5

Section III: Accountability

Please indicate the extent of your agreement with statements listed below ranging from 5- strongly agree (SA), 4- agree (A), 3 not certain (NS), 2 disagree (D), 1- strongly disagree (SD).

Items	SD	D	NS	A	SA
Participation	1	2	3	4	5
Management provides adequate information when making accountability	1	2	3	4	5
Management adheres to accountability procedures set by law	1	2	3	4	5
There is stakeholder participation during accountability	1	2	3	4	5
The degree of participation during the accountability process leads to compliance	1	2	3	4	5
The accountability process is used as a means of assessing resource allocation	1	2	3	4	5
The management of the bank is committed to the accountability process	1	2	3	4	5
Evaluation					
At the bank, there is resource monitoring	1	2	3	4	5
Significant departures from accountability set targets are reported	1	2	3	4	5
At the bank a lot of emphasis is put on timely provision of accountability	1	2	3	4	5
The availability of monitoring frameworks enhances accountability	1	2	3	4	5
Management provides for tracking variances and backlash	1	2	3	4	5
There is a clear methodology of tracking accountability	1	2	3	4	5
There is identification of the risky areas likely to affect the accountability process	1	2	3	4	5
There are well set internal controls to check the accountability process	1	2	3	4	5
Independent financial reviews are carried out at the bank	1	2	3	4	5
Fiscal compliance					
The bank adheres to set financial sector policies, rules and regulations					

The bank adheres to accountability procedures governing the banking sector	1	2	3	4	5
The right priorities are usually set during the budgeting process at the bank	1	2	3	4	5
There are effective internal controls used to monitor the operations of the bank	1	2	3	4	5
Staff are aware of the policies, laws and regulations	1	2	3	4	5

Section IV: Transparency

Please indicate the extent of your agreement with statements listed below ranging from 5- strongly agree (SA), 4- agree (A), 3 not certain (NS), 2 disagree (D), 1- strongly disagree (SD).

Items	SD	D	NS	A	SA
Information access					
At the bank, all public information is published	1	2	3	4	5
There is no falsification of information at the bank	1	2	3	4	5
All relevant documents/reports/statements of the bank are available for access	1	2	3	4	5
The information provided to the public is complete	1	2	3	4	5
Dissemination of bank information is done in a timely manner	1	2	3	4	5
The bank provides regular progress reports about its performance to statutory bodies	1	2	3	4	5
Independent verification					
At the bank, management ensures that certification of agency records is carried	1	2	3	4	5
The bank financial statement are authenticated by statutory bodies	1	2	3	4	5
All bank reports submitted to statutory bodies are verified	1	2	3	4	5
The bank regularly under goes an audit process to verify its performance	1	2	3	4	5
An assessment of the bank's financial statements is carried out on a terminal basis	1	2	3	4	5
During the verification process, the issues raised are addressed amicably	1	2	3	4	5
Proof of bank expenditures and revenue is ascertained by statutory bodies	1	2	3	4	5
Disclosure					
The bank responds to audit queries raised by statutory bodies	1	2	3	4	5
The bank facilitates understandability and interpretation of the published information	1	2	3	4	5
The information that is disclosed by the bank is a reflection of its performance	1	2	3	4	5
Due to the bank's level of openness it is trusted by the public	1	2	3	4	5
The audited accounts of the bank are available for public access	1	2	3	4	5
The information provided by the bank is error free	1	2	3	4	5

Section V: Organisational Performance

Please indicate the extent of your agreement with statements listed below ranging from 5- strongly agree (SA), 4- agree (A), 3 not certain (NS), 2 disagree (D), 1- strongly disagree (SD).

Items	SD	D	NS	A	SA
The bank is highly productive and values its customers.	1	2	3	4	5
The bank is highly productive.	1	2	3	4	5
The bank is one of the fastest growing financial institution in the country	1	2	3	4	5
The bank's sales volumes have been growing for the last 3 years	1	2	3	4	5
The bank's sales turnover has grown	1	2	3	4	5
The bank's return on investment has been growing over the years	1	2	3	4	5
The bank has grown in the number of branches	1	2	3	4	5
The asset base of the bank has grown	1	2	3	4	5

The bank competes favorably in the financial sector.	1	2	3	4	5
The bank's customer base has grown over the years	1	2	3	4	5
The profits of the bank have been steadily increasing	1	2	3	4	5
The profit margins of the bank have growth	1	2	3	4	5
At the bank, the total costs of operation have continued to reduce	1	2	3	4	5

Thank you

APPENDIX II

Proposed Budget

Item	Qty	Unit Cost	Total Amount
Duplicating paper	5	16,000	100,000
Secretarial services		400,000	400,000
Photocopying		250,000	250,000
Transport		300,000	300,000
Airtime		200,000	200,000
Data Collection		700,000	700,000
Data Analysis		800,000	800,000
Binding		20,000	200,000
Research Fees			800,000
Total			3,730,000

Work Plan

Research Activities	Time Frame 2016				
	Feb-Mar	Mar	Apr	Apr-May	Jun
Proposal writing					
Submission of Proposal					
Questionnaire Design					
Data Collection					
Data Analysis					
Report Writing					
Submission of Final Report					