

**THE ROLE OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE
OF SACCOS IN WESTERN UGANDA: A CASE STUDY OF IGARA-BUHWEJU
TEA FARMERS' SACCO**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF BACHELOR OF
SCIENCE IN ACCOUNTING AND FINANCE OF UGANDA CHRISTIAN UNIVERSITY**

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**UGANDA CHRISTIAN
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DECLARATION

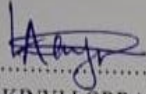
I AMPUMUZA PRECIOUS declare that this research report is my original work and has never been submitted to any university or college for any award. Where the works of other scholars have been cited, acknowledgement has been given.

Signature.....

Date.....

APPROVAL

This dissertation has been done and concluded under my guidance and supervision and in-line with the dissertation requirements of Uganda Christian University. It is now ready for submission with my approval.



.....
Ms. AKINYI LORRAINE OTIENO

Date: 09/04/2026
.....

DEDICATION

I AMPUMUZA PRECIOUS declare that this research report is my original work and has never been submitted to any university or college for any award. Where the works of other scholars have been cited, acknowledgement has been given.

Signature.....*P.P.*.....

Date.....*09/04/2026*.....

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LIST OF ABBREVIATIONS

SACCO	Saving and Credit Cooperative Organization
IGABU	Igara-Buhweju Tea Farmers' SACCO
OECD	Organization for Economic Co-operation and Development
ICA	International Cooperative Alliance
ROA	Return on Assets
ROE	Return on Equity
MTIC	Ministry of Trade, Industry and Cooperatives
UMRA	Uganda Microfinance Regulatory Authority

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ABSTRACT

This study examines the role of corporate governance in influencing the financial performance of SACCOs in Western Uganda with a specific focus on Igara-Buhweju Tea Farmers' SACCO. The research investigated three key governance dimensions that is; transparency, accountability and board composition. A descriptive cross-sectional design was adopted, and primary data was collected through structured questionnaires from 38 staff members (response rate 64.4%) using a five-point Likert scale.

Findings revealed strong and positive perceptions across all three dimensions. Transparency recorded an overall mean of 4.18, with respondents strongly agreeing that information is complete, timely, and rarely falsified. Accountability achieved the second-highest composite mean (4.24), driven particularly by leadership answerability to members (mean 4.63) and accurate reporting during Annual General Meetings. Board composition received the highest overall rating (mean 4.46), with very strong agreement on the consideration of integrity, track record, competence, and stakeholder representation although views on gender balance showed slightly more variation.

The results suggest that good transparency, accountability and board composition practices are already contributing to trust, operational efficiency, and financial outcomes at IGABU SACCO. However, minor gaps remain especially in the consistent publication of all public information and achieving fuller gender balance on the board.

The study concludes that strengthening these governance elements can further enhance financial sustainability, member confidence, and long-term resilience in SACCOs. It recommends that IGABU improve information accessibility and board diversity initiatives, while Ministry of Trade, Industry and Cooperatives should introduce standardized governance reporting guidelines and regular board training programs for the sector.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter shows the background of the study, problem statement, main objective and specific objectives, research questions, scope of the study and significance of the study.

1.1 Background of the study

The systems, structures, and processes through which organizations are directed and controlled are known as corporate governance. The concept of corporate governance gained global prominence in the 1970s, particularly in the United States even though its roots can be traced back to the 16th and 17th centuries according to Morck, (2005). When large corporations such as Enron and WorldCom collapsed in the early 200s, weaknesses in governance structures were exposed thus triggering reforms most notably so, the Sarbanes-Oxley Act of 2002. This act put much emphasis on transparency, board accountability and stronger internal controls.

Corporate governance is a critical determinant of institutional performance across the globe. Hartaska, (2005); Mersland &Strom, (2009) explain how strong leadership, robust oversight mechanisms and effective boards directly contribute to better financial outcomes and improved operations. Furthermore, in boards, gender diversity and women's leadership have been linked to enhanced risk management practices, better accountability and stronger governance (Strøm, D'Espallier, & Mersland, 2014).

SACCOs play a vital role when it comes to promoting financial inclusion in Sub-Saharan Africa. Ramath & Preethi, (2014) say that SACCOs are regarded as engines for poverty reduction as they offer affordable saving and credit services to economically active but financially excluded populations that are rather excluded from formal commercial banking systems.

Despite the fact that SACCOs improve credit access to many households which enables them to build assets, expand microenterprises and manage risks, regional studies still reveal persistent challenges in governance such as weak internal controls, poor member oversight and limited board capacity which setback financial sustainability.

In Uganda, like elsewhere in the world, corporate governance in both public and private sector has been adopted, where formal corporate governance structures have been put in place (Mukyala, 2020); with great expectations for improved performance. In fact, Marus (2021), reveals that some companies have been successful as a result of good corporate governance in Uganda. In addition, Kibukamusoke and Ssewankambo, (2019) revealed that there is a significant positive relationship between corporate governance and firm performance in Uganda. However, there is a weakness in corporate governance law in Uganda that requires strengthening as this is a constraint to the performance of most companies as stated by Muhanguzi, (2019).

The International Cooperative Alliance (ICA), (2017) states that there are more than 33,000 registered SACCOs in Uganda which serve rural and low-income populations that are often overlooked by commercial banks. This indicates how they are a cornerstone of the financial inclusion agenda in Uganda.

However, SACCOs are the institutions that are mostly challenged with governance facing issues like liquidity crises, high portfolio at risk, and weak accountability and transparency despite their acknowledged importance which in the short and long run erode member trust and threaten sustainability. This has therefore caused regulators and policy makers to put much emphasis on strengthening governance as a way to improve SACCO stability and performance.

In Rukiga and Kiruhura, findings indicate that corporate governance practices such as stronger board structures and accountability mechanisms are directly linked to improved profitability, liquidity and better loan portfolio performance however, Agaba & Turyasingura, (2023) state that there are still persistent gaps in transparency, board skills and member engagement.

Therefore, the study of corporate governance and financial performance is very crucial to SACCOs in Western Uganda because the weakness of governance practices such as limited accountability and weak internal controls pose various risks of liquidity crises, loss of member trust and bad portfolios. Addressing governance problems in SACCOs enhances profitability, transparency, reinforce member trust and ultimately contribute to the country's broader goals of financial inclusivity, reduction in poverty and rural development.

1.2 Problem statement

Effective corporate governance ensures that institutions are properly directed, controlled and held accountable in a transparent manner so as to protect stakeholder interests and enhance long term sustainability. Kyereboah-Coleman, (2007); Musinguzi & Akileng, (2020) stress that proper governance in SACCOs minimizes agency conflicts and fosters prudent financial management thereby enhancing profitability. The Organization for Economic Co-operation and Development (OECD, 2014) is also in agreement that sound corporate governance principles are very key to attracting “patient” or long-term capital and ensuring access to financial markets globally.

Magala and Nkundabanyanga (2017) made an observation on how strong governance structures in SACCOs enhance operational efficiency, accountability, and financial sustainability. This therefore means that implementation of effective corporate governance mechanisms is a critical aspect for SACCOs aiming to achieve sustainable growth and member trust. However, instances of poor corporate governance have continue to undermine the financial performance and sustainability of SACCOs in Uganda as they have resulted in mismanagement, fraud, and the closure of several SACCOs, thereby restricting the growth of the cooperative sector and its contribution to economic development according to Abanis, Sunday, & Eliahu, (2022).

In Western Uganda, SACCOs such as Ishaka Farmers’ Sacco, Ruharo Heifer Project Sacco all in Ishaka Bushenyi Municipality, and Nyanga Peoples’ Sacco all had issues with governance and disregard for ethical business practices.

Igara Buhweju Tea Farmers’ Sacco (IGABU) which is just in its 7th year continues to struggle with ineffective corporate governance structures, which has prevented it from meeting its annual financial performance goals. From 2020 to 2022, its profitability ratio fell from 50% to 30% (IGABU annual Report, 2020). This shows that effective corporate governance is still a concept that is not fully undertaken in the cooperatives sector.

Therefore, this study provided empirical evidence on whether good governance practices (such as transparency, accountability and risk management) translate into improved financial performance, efficiency, and resilience against external shocks for the Ugandan SACCOs.

1.3 Main objective

The purpose of this study was to find out the role of corporate governance on financial performance of SACCOs in Western Uganda.

1.4 Specific objectives

1. To examine the effect of transparency on the financial performance of SACCOs in Western Uganda.
2. To determine the effect of accountability practices on the financial performance of SACCOs in Western Uganda.
3. To assess the influence of board composition on the financial performance SACCOs in Western Uganda.

1.5 Research questions

1. What is the effect of transparency on the financial performance of Sacco's in Western Uganda?
2. How does accountability affect the financial performance of Sacco's in Western Uganda?
3. What is the influence of board composition on the financial performance of Sacco's in Western Uganda.

1.6 Scope of the study

1.6.1 Content scope

This study focused on the role of corporate governance on the financial performance of Savings and Credit Cooperative Organizations (SACCOs) in Western Uganda particularly Igara-Buhweju Tea Farmers' Sacco. It examined three governance dimensions which are transparency, accountability and board composition.

1.6.2 Geographical scope

The study was conducted on Igara-Buhweju Tea Farmers' SACCO (IGABU) located in Butare-Kyamuhunga Bushenyi district in Western Uganda. This is because this SACCO faces unique governance challenges that significantly its sustainability and performance.

1.6.3 Time scope

The study covered a period of 5 years from 2019-2024. The researcher considered this period to be long enough for proper assessment of corporate governance on financial growth at Igara-Buhweju Tea Farmers' Sacco given that this is the period during which the Institution continued to experience a tremendous increase in non-performing assets.

1.7 Significance of the study

The study findings provided understanding on how to strengthen corporate governance, protect stakeholder interests and rebirth public trust.

Furthermore, this study guided IGABU, the Ministry of Trade, and other stakeholders in formulating efficient and effective governance guidelines and enforcement mechanisms that address issues of transparency, accountability, and leadership gaps.

The research added to the limited empirical literature on corporate governance in Uganda's SACCO sector, serving as a basis for further studies on cooperative finance and governance in developing economies.

NGOs and donor agencies investing in financial inclusion gained evidence-based recommendations on how to channel support for governance strengthening in SACCOs.

CHAPTER TWO

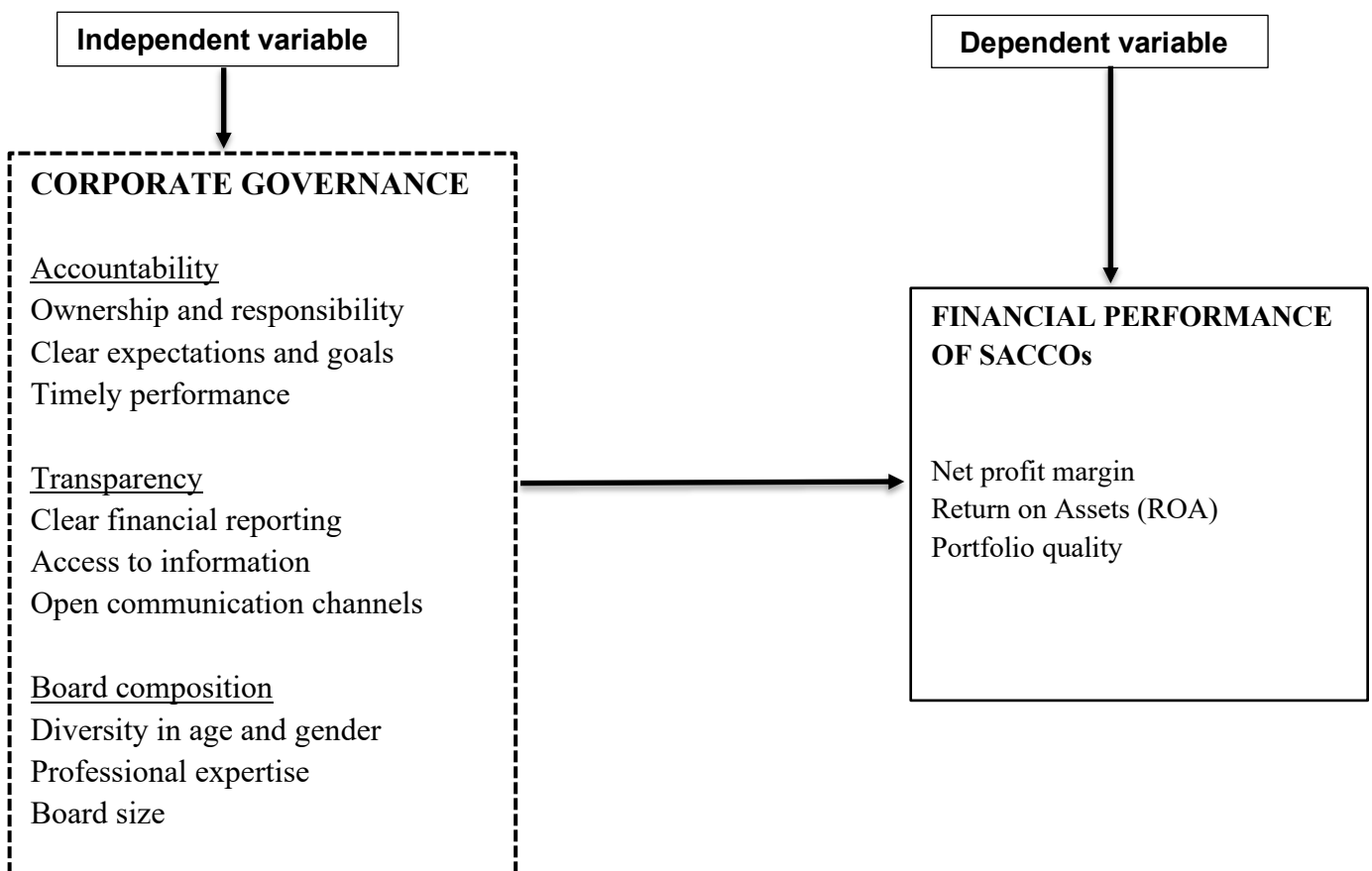
LITERATURE REVIEW

2.0 Introduction

This chapter reviews the existing literature on the role of corporate governance on the financial performance of SACCOs in Africa and Uganda in particular.

2.1 Conceptual framework

The conceptual framework illustrates the relationship between corporate governance principles and the financial performance of SACCOs in Western Uganda. It outlines how corporate governance directly affects SACCOs' financial performance.



Source: Adopted from (Abor and Biekpe, 2007) and modified by the researcher.

The framework explains how a corporate governance structure of transparency, accountability and board composition affects financial growth in form of profitability, cost reduction, and

growth. A good corporate governance framework ensures the Board's accountability to diverse stakeholders, and promotes transparency (OECD, 2005). Corporate governance is concerned with ways in which all parties interested in the well-being of the firm (the stakeholders) attempt to ensure that managers and other insiders take measures or adopt mechanisms that safeguard the interests of the stakeholders. Such measures are necessitated by the implementation of regulations, Rules and AGM resolutions, an increasingly vital feature of the modern firm (Yermack, 1996).

2.2 Theoretical framework

The relationship between corporate governance and financial performance in Savings and Credit Cooperative Organizations (SACCOs) can be effectively explained through the Agency Theory, originally developed by Jensen and Meckling (1976). The theory posits that an organization consists of a series of contracts between principals (owners or members) and agents (managers or directors) who are employed to perform services on behalf of the principals. However, because the two parties have differing interests and access to information, conflicts often arise known as agency problems.

This theory's assumes that managers are likely to pursue personal benefits due to self-interest, and that there is information asymmetry whereby managers have more information than the shareholders. It is important to note that the assumptions show the value of proper governance systems in institutions like SACCOs where accountability and transparency of the leadership is important to members' trust.

Corporate governance models which are situated in the agency theory provide tailored ways to enforce accountability and positively influence the financial performance of institutions where ownership is separate from management (Daily, Dalton and Cannella 2003). Furthermore, combining both the aspects of stakeholder accountability and agency control create effective governance as observed by Freeman, Wicks and Parmar (2004) which reinstates the fact that agency theory proposed mechanisms are essential for financial sustainability.

This affirms the importance of agency-based governance framework in improving financial and resource management in cooperatives, which is why this study is anchored on the Agency Theory as it provides a wholesome basis to explore the governance-performance connection in SACCOs.

2.3 Transparency and the financial performance of SACCOs.

As a critical governance mechanism, transparency has gained increased recognition for its importance in the financial performance of financial institutions.

The OECD (2015) noted transparency as an accountability enhancement which reduces information asymmetry and improves the confidence of stakeholders and investors. Additionally, transparency has been known to eliminate agency conflicts such as opportunistic behavior by managers in cooperatives and microfinance organizations as opined by Turel (2019). Not only is transparency an ethical principle globally, it is also a strong factor in financial sustainability in organizations.

Findings from Africa have shown that the absence of strong disclosure behavior is a big challenge in financial institutions, cooperatives inclusive. Lack of transparency erases stakeholder trust which in-turn leads to poor financial performance and sustainability according to the African Development Bank (2019).

According to Kyeroboah-Coleman (2015), financial institutions that practice better transparency recorded high profits and sustainability.

In the East African context, a study by Wanyoike and Njeru (2016) on SACCOs in Nairobi County stated that consistent practices on financial disclosure led to high profitability and increased membership when compared to SACCOs with less disclosure. Similarly, Mwakajumilo, (2011) postulates that SACCOs in Tanzania with minimal transparency practices struggle with high loan defaults and issues with their liquidity.

In Uganda, a study done by Muhanguzi, (2019) discovered that transparency reduces agency conflicts which increases profitability and sustainability of SACCOs in turn. In the same manner, Muhunga, (2023) noted that SACCOs in Western Uganda that combined transparency with ethical leadership witnessed an enhancement in their profitability and member trust.

These findings reveal a gained momentum transparency has in Uganda as a critical point of view in SACCO sustainability in light of governance reforms by the MTIC, (2020).

2.4 Accountability and financial performance of SACCOs.

Accountability is widely linked to better financial outcomes in financial institutions as a cornerstone of effective corporate governance. A study by Bushman, (2016) revealed that accountability mechanisms for example clear oversight systems and reporting lines reduce opportunistic tendencies in organizations as well as improving their value.

On the other hand, the OECD, (2015) postulates that effective accountability minimizes agency conflicts by ensuring that managers act in the stakeholders' best interests. As stated by Turel (2019), accountability enhances sustainability and resilience through triggering ethical conduct in financial institutions.

In Africa, a study by Kyereboah-Coleman, (2015) found out that African firms with functioning systems for accountability reported great profitability and operational efficiency. In a similar context, accountability increases member subscription and deposit collection by enhancing trust according to Mungai, (2020). Accountability is still a major challenge even though it's an essential aspect of financial sustainability.

In East Africa, Kenyan SACCOs have recorded increased profitability and transparency resulting from accountability mechanisms applied (Wanyoike and Njeru, 2016). Additionally in Tanzania, SACCOs with no presence of accountability have shown weakness in their financial performance due to high loan defaults and mismanagement as opined by Mwakajumilo, (2011). Furthermore, accountability structures in SACCOs have been found to be linked to financial sustainability (Kiganda and Kobi, 2021).

In Uganda, a study done by Agaba, Benon and Jack, (2025) on SACCOs in Kiruhura District revealed that with government policies as mediators, board accountability significantly impacted the financial performance. Additionally, accountability practices such as integrity of employees and clear reporting recorded in SACCOs increased in financial performance as noted by Enock, Anguyo and Eric, (2024) in Moyo District.

2.5 Board composition and financial performance of SACCOs in Uganda.

The diverse mix of personal and professional attributes that board members bring, including their distinct abilities, expertise, backgrounds, and connections is how Akram,(2025) defines board composition. With evidence drawn from both developed and developing countries, board composition is a widely researched component of financial performance.

In Africa, a study by Abubakar and Mahmoud, (2019) in Nigeria discovered that boards comprised of risk and finance experts sufficiently added to the SACCOs' growth and sustainability. Similarly, Otieno and Nyang'au, (2019) postulated that boards with financial literate and independent members were linked to increased profitability and better loan portfolio management.

Across the East African region, studies document the role of board composition in relation to financial performance of SACCOs. A study in Nairobi by Wanyoike and Njeru, (2016), found that SACCOs with diverse and independent boards reported positive financial results compare to their counterparts. In a similar way, Kiganda and Kiboi (2021) across Kenyan and Tanzanian SACCOs found that boards with professionals in accountability were able to achieve enhanced financial sustainability.

In Uganda, a study by Atukunda (2022) in Greater Mbarara District showed that gender diversity and independence of boards positively influenced financial performance of SACCOs. Furthermore, Muhanguzi (2019) in his study showed that competent and independent board members recorded minimal agency conflicts and positive financial outcomes in their SACCOs.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter looks at the research design, sample size, study population, sampling techniques and data collection tools that were used in the study.

3.1 Research design

The study used descriptive and cross-sectional research design to scrutinize the relationship between corporate governance and financial performance of SACCOs. The researcher obtained accurate and detailed information about the current state of corporate governance practices in the SACCO including transparency, accountability and board composition as well as the assessment of financial performance indicators by the help of the descriptive design.

The cross-sectional approach was appropriate because data was collected at a single point in time which is efficient in terms of time and cost.

3.2 Study population

The study population was 70 which included 10 top management staff, 5 heads of departments, and 55 middle level staff at Igara-Buhweju Tea Farmers' SACCO in Bushenyi district.

3.3 Sample size

The Krejcie and Morgan (1970) table was used for sample determination. Based on this table, 59 respondents were selected from the total population of 70 members of staff.

Table1: Sample size and sampling techniques summary table

Respondent category	Population	Sample size	Sampling technique
Top level management	10	8	Purposive sampling
Board members	5	5	Census sampling
Middle level employees	55	46	Stratified random sampling
Total	70	59	

3.4 Sampling technique

The study used both probability and non-probability sampling techniques particularly purposive, census and stratified random sampling.

Purposive sampling is a non-probability sampling technique which was used to select participants from the top level management staff because they possess strategic and policy-level insights and their impact on financial performance.

The board members were selected using the census sampling technique since their total number is small and manageable. This ensured that everyone's perspective was fully represented thus eliminating the risk of under-representation.

The study adopted a stratified random sampling technique for middle level staff because this group has a large number. Stratification ensured proportional representation of employees from different departments while random sampling within each stratum minimized bias and improved reliability and generalizability of the study findings.

Census and stratified are both probability sampling techniques.

3.5 Data collection methods

The researcher used both primary and secondary data collection sources.

3.5.1 Primary sources

Under primary sources, the researcher used structured questionnaires to collect data directly from the respondents to capture their insights on the role of corporate governance on the financial performance of SACCOs.

3.5.2 Secondary sources

The researcher extracted secondary data from already published material from other researchers in textbooks, journals, reports, periodicals, newspapers, dissertations, and the internet to provide a deeper context of the study that supports the primary data.

3.6 Data collection tools

3.6.1 Questionnaire

The questionnaire had close-ended questions to capture accurate quantitative data which allowed respondents to choose from a set of alternatives.

A five-point Likert scale in ascending order of 1-5 whereby 1 = strongly disagree, 2 = agree, 3 = neutral, 4 = disagree and 5 = strongly agree was used to measure the impact of corporate governance on the financial performance of SACCOs. The instrument was preferred because

it is time saving as one spends little time in moving from one respondent to another during data collection (scattered respondents) unlike in interview method (Kakoza, 2002).

3.7 Validity and Reliability

3.7.1 Validity

Data validity is the degree to which data accurately measures what it is intended to measure. It addresses credibility, which looks at the veracity and accuracy of the information (Polit and Beck, 2008). The formula suggested by Amin (2005) was used to determine the content validity index (CVI).

According to Amin, validity was calculated by dividing the total number of questionnaire items by the ratings of relevant things. Amin (2005) states that if an instrument's CVI is 0.7 or higher, it is considered valid.

A draft questionnaire was reviewed by the academic supervisor and experts in the field of finance to assess the relevance, clarity and comprehensiveness of the questions. The feedback was incorporated to ensure the final instrument captured the intended data.

3.7.2 Reliability

A pilot study was carried out on 3 selected respondents and the results were analyzed using Cronbach's Alpha coefficient to test the reliability of the questionnaire. Nunnally, (1978) says a value of 0.70 or higher is acceptable for internal consistency. STATA was used to conduct a reliability test aiming for a 0.70 threshold to confirm reliability of the instrument.

3.8 Ethical Considerations

The researcher committed not to incorporate any information without the concerned person's consent in the final dissertation or in any other correspondence created throughout the research process. The respondents' identities were therefore kept private.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents the data collected from staff at Igara-Buhweju Tea Farmers' SACCO (IGABU) using the structured questionnaires administered. The questionnaires were distributed to a sample of 59 respondents comprising top management, board members, and middle-level staff, as described in Chapter Three.

4.1 Response rate

Out of the 59 questionnaires distributed to the sampled staff, 38 were completed and returned, yielding a response rate of 64.4%. This response rate is considered adequate for descriptive survey research, as it exceeds the commonly accepted threshold of 60% for such studies (Baruch & Holtom, 2008) and supports the reliability of the findings therefore.

4.2 Demographic characteristics of respondents

The demographic profile provides context for interpreting the results, highlighting the composition of the sample. The table 4.2 summarizes the frequencies and percentages for key demographic variables.

Table 4.2; Respondents Demographic Characteristics

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	23	60.5
	Female	15	39.5
	Total	38	100.0
Age Bracket (years)	18-25	2	5.3
	26-35	18	47.4
	36-44	13	34.2
	45-50	4	10.5
	Above 50	1	2.6
	Total	38	100.0
Highest Level of Education	Diploma	5	13.2
	Degree	16	42.1
	Post graduate	9	23.7
	Professional qualification	3	7.9
	Masters	4	10.5
	Other	1	2.6
	Total	38	100.0
Role in the SACCO	Board member	4	10.5
	Top management	8	21.1
	Middle level staff	26	68.4
	Total	38	100.0
Years of Experience	Less than 1 year	4	10.5
	1-2 years	7	18.4
	3-5 years	14	36.8
	6-7 years	13	34.2
	Total	38	100.0

Source; primary data 2025

According to the findings in table 4.2, gender is slightly unbalanced with the males taking up 60.5% of the sample and females 39.5% but nevertheless this provided a diverse perspective on corporate governance with no gender biasness in the responses.

Most of the staff are predominantly middle-aged making a total of 81.6% of the sample size however much all the working age brackets were represented and the middle level staff formed the largest group of 68.4% followed by the top level management with 21.1% of the total sample.

The study revealed that over 78% of the staff have received a degree, post graduate, masters and professional qualification as the highest level of education which indicated that they have some knowledge on what corporate governance is and therefore gave an informed opinion.

Over 71% of the staff has spent 3 years and above at the SACCO meaning that they are well familiar with the growth of corporate governance structures and its effect on the SACCO's financial performance over the years which enhances the trustworthiness of the collected data.

4.3 The effect of transparency on the financial performance of SACCOs.

This objective examines how transparency concepts such as the publication, reliability and completeness of all SACCO information affect its financial performance. The descriptive statistics for each item are shown below.

Table 4.3; Descriptive statistics on the effect of transparency on the financial performance of SACCOs

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	SD	Interpretation
At the SACCO, all public information is published	4 (10.5%)	2 (5.3%)	4 (10.5%)	15 (39.5%)	13 (34.2%)	3.82	1.28	High Agreement
There is no falsification of information at the SACCO	1 (2.6%)	0 (0%)	3 (7.9%)	19 (50.0%)	15 (39.5%)	4.24	0.81	Very High Agreement
All relevant documents of the SACCO are readily available	0 (0%)	3 (7.9%)	2 (5.3%)	20 (52.6%)	13 (34.2%)	4.13	0.87	High Agreement
The information provided to the public is complete	0 (0%)	1 (2.6%)	4 (10.5%)	16 (42.1%)	17 (44.7%)	4.29	0.77	Very High Agreement
Dissemination of SACCO information is done in a timely manner	1 (2.6%)	2 (5.3%)	2 (5.3%)	15 (39.5%)	18 (47.4%)	4.24	0.92	Very High Agreement
Overall Transparency Mean	-	-	-	-	-	4.179	0.579	High Agreement

Source: primary data 2025

For the statement on all public information being published had a mean of 3.82 and SD of 1.28 showing high agreement but with more variation. In addition 73.7% of the respondents agreed, reflecting that most felt public disclosure exists. The higher standard deviation (1.28) indicates disagreeing opinions, likely due to differing awareness of published materials.

The statement on no falsification of information at the SACCO had a mean of 4.24 and SD. of 0.81. This statement shows very strong agreement that information integrity is maintained. In addition 89.5% of the respondents agreed. The standard deviation (0.81) indicates high agreement with the fact that there is no information falsification.

The statement on all relevant documents being readily available had a mean of 4.13 and SD of 0.87 reflecting high agreement that document access is good. 86.8% of the respondents agreed with the statement however standard deviation (0.87) shows moderate variability.

For completeness of information provided to the public, a mean of 4.29 and SD of 0.77 showed very strong agreement that information is comprehensive. To add on, 86.8% of the respondents agreed and the low standard deviation (0.77) indicates high agreement.

Timely dissemination of SACCO information had a mean of 4.24 and SD of 0.92 which shows a very strong agreement that information is shared in time. 86.9% of the respondents agreed with the statement. The standard deviation (0.92) suggests moderate variability, possibly due to varying experiences with timing.

The overall mean for transparency is 4.179 with a low SD of 0.579, indicating high agreement that transparency practices are effective as a corporate governance mechanism in affecting the SACCOs financial performance.

4.4 Effect of accountability on the financial performance of SACCOs.

This objective examines how accuracy, monitoring frameworks, regular updates for members and clear reporting mechanisms influence the financial performance of the SACCO. Below is the table showing descriptive statistics on this objective and its effect.

Table 4.4; Descriptive statistics on effect of accountability on the financial performance of SACCOs.

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	SD	Interpretation
Members are provided with accurate and timely information during AGMs	0 (0%)	0 (0%)	2 (5.3%)	15 (39.5%)	21 (55.3%)	4.50	0.65	Very High Agreement
The SACCO leadership is answerable to members for their decisions and actions	0 (0%)	0 (0%)	1 (2.6%)	12 (31.6%)	25 (65.8%)	4.63	0.59	Very High Agreement
There are clear mechanisms for members to question board decisions	1 (2.6%)	2 (5.3%)	5 (13.2%)	16 (42.1%)	14 (36.8%)	4.05	0.92	High Agreement
The availability of monitoring frameworks enhances accountability	0 (0%)	0 (0%)	6 (15.8%)	18 (47.4%)	14 (36.8%)	4.21	0.70	Very High Agreement
The SACCO provides regular updates on how member savings and loans are managed	0 (0%)	2 (5.3%)	3 (7.9%)	13 (34.2%)	20 (52.6%)	4.34	0.85	Very High Agreement
Overall Accountability Mean	-	-	-	-	-	4.242	0.592	Very High Agreement

Source: primary data 2025

The statement on members being provided with accurate and timely information during AGMs had a mean of 4.50 and SD of 0.65. This statement had one of the highest means in the construct, showing very strong agreement that AGM information is reliable and readily available. It was justified by 94.8% agreement (combining Agree and Strongly Agree), nearly all respondents recognize its value. The low standard deviation (0.65) indicates high agreement.

For the statement, SACCO leadership is answerable to members for their decisions and actions, it had a mean of 4.63 and SD of 0.59 which was the highest mean in the construct, showing

very strong agreement that leadership accountability is strong. It was further justified by 97.4% agreement, meaning that most of the all respondents recognize its value and the low standard deviation (0.59) indicates high consensus.

The statement on clear mechanisms for members to question board decisions had a mean of 4.05 and SD of 0.92 which is the lowest mean in the construct but still reflects high agreement. In addition 78.9% of the respondents agreed, reflecting that most felt there are avenues for member input. The standard deviation (0.92) also shows moderate variability, possibly due to differing experiences with questioning processes.

Availability of monitoring frameworks enhancing accountability had a mean of 4.21 and SD of 0.70 which showed very strong agreement that monitoring systems support accountability. In addition 84.2% of the respondents agreed. The standard deviation (0.70) indicates high consensus.

The mean of 4.34 for the statement on regular updates on how member savings and loans are managed shows very strong agreement that communication on financial management is regular. In addition 86.8% of the respondents agreed and the standard deviation (0.85) suggests moderate variability which could be due to varying frequency of updates received.

The overall mean for accountability is 4.242 with a low SD of 0.592, indicating very strong agreement that accountability practices are effective at IGABU SACCO.

4.4 Influence of board composition on the financial performance of SACCOs.

This objective assessed the board composition of the SACCO by looking at various aspects such as competence of the members, representation of all stakeholders and gender balance and it influences the financial position and overall performance of the SACCO.

Table4.4; Descriptive statistics on the influence of board composition on the financial performance of SACCOs.

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	SD	Interpretation
The board is composed of competent members	3 (7.9%)	0 (0%)	2 (5.3%)	7 (18.4%)	26 (68.4%)	4.39	1.03	Very High Agreement
During board formation, representation of all stakeholders is considered	1 (2.6%)	1 (2.6%)	2 (5.3%)	14 (36.8%)	20 (52.6%)	4.34	0.88	Very High Agreement
The integrity of board members is considered during board composition	0 (0%)	0 (0%)	4 (10.5%)	11 (28.9%)	23 (60.5%)	4.50	0.69	Very High Agreement
When appointing board members, there is gender balance	2 (5.3%)	3 (7.9%)	3 (7.9%)	12 (31.6%)	18 (47.4%)	4.13	1.12	High Agreement
During board composition, members' track record is considered	1 (2.6%)	1 (2.6%)	1 (2.6%)	11 (28.9%)	24 (63.2%)	4.47	0.86	Very High Agreement
Overall Board Composition Mean	-	-	-	-	-	4.458	0.566	Very High Agreement

Source: primary data 2025

The statement on the board being composed of competent members shows very strong agreement that board members are capable evidenced with a mean of 4.39 and furthermore by 86.8% of the respondents. The standard deviation (1.03) however indicates moderate variability which could possibly be due to varying perceptions of competence.

Representation of all stakeholders during board formation had a mean of 4.34 which reflects very strong agreement that stakeholder inclusivity is considered. In addition 89.4% of the respondents agreed and the standard deviation (0.88) shows high consensus too.

The statement on integrity of board members being considered had a mean of 4.50 which was the highest mean in the construct indicated very strong agreement that integrity is highly prioritized. It was justified by 89.4% agreement, nearly all respondents recognize its value. The low standard deviation (0.69) indicates high acceptance.

The statement on gender balance when appointing board members had a mean of 4.13 which shows high consensus that gender diversity is considered. In addition 79.0% of the respondents were in agreement. The higher standard deviation (1.12) indicates varied opinions, likely due to differing views on balance achieved.

The statement on track record being considered during board composition had a mean of 4.47 which shows very strong agreement that past performance is evaluated. In addition 92.1% of the respondents agreed. The standard deviation (0.86) suggests high solidarity.

The overall mean for board composition is 4.458 with a low SD of 0.566, indicating very strong consensus that board composition practices are effective.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter discusses the findings, draws conclusions, and suggests recommendations to the different stakeholder institutions.

5.1 Summary and discussion of findings

The key findings of the study are summarized as below;

5.1.1 The effect of transparency on financial performance of SACCOs.

Transparency had an overall strong mean which implies that there is disclosure of information and necessary operations at the SACCO, with high scores for absence of falsification of SACCO information timely dissemination of information and completeness of information. This implied that transparency is perceived as strong and positively influencing financial performance through enhanced trust and efficiency.

These results align with the literature reviews emphasis on transparency as a basis for stakeholder trust and minimal information asymmetry which ultimately builds better financial outcomes (OECD, 2015). The high scores in completeness of information and no falsification resonate with Turel (2019), who noted that better transparent disclosure practices contribute to sustainability.

Gaps in publication of all SACCO information mirror the African Development Bank (2019) concerns about how poor disclosure erodes the trust of members and leads to poor financial outcomes. In East Africa, this supports Mwakajumilo (2011), who found weak transparency practices to negatively affect the loan portfolio and liquidity of SACCOs in Tanzania.

Kyereboah-Coleman's (2015) study supports that better transparency yields improved profitability, echoing the high agreement on information integrity. Muhanguzi (2019) and Mpora (2025) highlighted how transparency reduces agency conflicts and improves profitability of Ugandan SACCOs. Nabirye (2025) linked risk disclosure and transparent reporting mechanisms to minimized operational risks, which strengthen SACCO performance. Overall, the results confirm transparency's role in financial outcomes of SACCOs.

5.1.2 The effect of accountability on the financial performance of SACCOs.

Respondents showed very strong agreement on accountability mechanisms with an overall mean. Statements on leadership answerability and accurate AGM information scored very highly which reveals how accountability contributes to better financial outcomes through boosting member confidence.

This aligns with the literature review's say on accountability as a minimizer of opportunistic tendencies and booster of governance efficiency (Bushman 2016). The OECD (2015) noted that managerial accountability fosters long-term sustainability aligning with the high scores for SACCO leadership being answerable to members for their decisions. This also supports Otieno and Nyang'au (2019) in Kenya, who showed that accountability practices such as management responsibility boosted financial outcomes of SACCOs.

The overall results resonate with Agaba, Benon and Jack (2025), who observed that board accountability had a significant impact on financial performance of SACCOs in Kiruhura District, Uganda. The high standard deviation for member questioning mechanisms shows the presence of some implementation inconsistencies, similar to Mwakajumilo (2011) in Tanzania who made observations about governance gaps affecting SACCO stability.

5.1.3 Influence of board composition on the financial performance of SACCOs.

With the highest composite mean, board composition showed a pretty strong agreement with elements like integrity consideration of the board members and track record evaluation.

The findings showed very strong acceptance of effective board composition, which relates to Akram (2025) emphasis on diverse expertise for organizational success. High ratings for integrity and track record align with Kyereboah-Coleman (2007) global evidence on board diversity driving profitability.

In Africa, Abubakar and Mahoud (2019) and Otieno and Nyang'au (2019) relate skilled board members with better risk management and loan performance. Wanyoike and Njeru (2016) found out that diverse boards improve sustainability in Kenya which is in agreement with the performance of stakeholder representation.

When it comes to the local context, Muhanguzi (2019) and Atukunda (2022) in Greater Mbarara link board independence and gender diversity to minimized conflicts and positive financial outcomes, however, the higher standard deviation for gender balance implies persistent gaps as noted by Strom, D'Espallier, and Mersland (2014).

This insinuated that proper board structures improve governance and financial performance.

5.2 Recommendations

Igara-Buhweju Tea Farmers' SACCO should its information access so as to ensure timely dissemination of information and easy access to the members. The SACCO should also prioritize competence and gender balance when appointing board members.

The Ministry of Trade and Industry Cooperatives should mandate standardized reporting guidelines for all SACCOs to ensure completeness and timeliness of information and provide governance workshops for SACCO boards to enhance skills.

Policymakers should enforce accountability training for SACCO leadership to reduce operational risk and boost trust.

5.3 Conclusions

Corporate governance significantly enhances financial performance at IGABU SACCO. Transparency fosters trust and minimizes risks, accountability ensures ethical leadership and protection of stakeholder interests, and board composition supports strategic decision making though diversity and competence. Gaps in publication of information, competence of board members and answerability of leadership highlight areas for intervention.

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APPENDIX

QUESTIONNAIRE

Dear respondent,

My name is Ampumuza Precious a student at Uganda Christian University, undertaking a study on corporate governance and financial performance of SACCOs in Western Uganda. A case study of Igara-Buhweju Tea Farmers Sacco in fulfillment of the requirements for the award of Bachelors in Business Administration. The purpose is purely academic and to contribute to literature on the need for corporate governance reforms and your response will be treated with utmost confidentiality.

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

1. What is your gender?

Male

Female

2. What is your age bracket?

18-25years	26-35years	36-45years	45 -50years	Above 50years

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

Diploma	Degree	Post graduate	Professional Qualification	Masters	other

4. What is your role in the SACCO?

Board member

Top management

Middle level staff

5. Years of experience with this SACCO

Less than 1 year

1-2 years

3-5 years

6-7 years

SECTION B:**Establishment of the effect of accountability on financial performance of SACCO**

Please indicate the extent of your agreement with statements listed below ranging from;

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Statement	1	2	3	4	5
Members are provided with accurate and timely information during AGMs					
The Sacco leadership is answerable to members for their decisions and actions					
There are clear mechanisms for members to question board decisions					
The availability of monitoring frameworks enhances accountability					
The Sacco provides regular updates on how member savings and loans are managed					

SECTION C:**Establishment of the effect of transparency on financial performance of SACCO**

Please indicate the extent of your agreement with statements listed below ranging from;

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Statement	1	2	3	4	5
At the Sacco, all public information is published					
There is no falsification of information at the Sacco					
All relevant documents of the Sacco are readily available					
The information provided to the public is complete					
Dissemination of Sacco information is done in a timely manner					

SECTION D:**Establishment of the Effect of Board Composition on Financial performance of SACCO**

Please indicate the extent of your agreement with statements listed below ranging from;

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Statement	1	2	3	4	5
The board is composed of competent members					
During board formation, representation of all stake holders is considered					
The integrity of board members is considered during board composition					
When appointing board member, there is gender balance					
During board composition, members' track record is considered					