

**CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE OF
COMMERCIAL BANKS IN UGANDA: A CASE STUDY OF STANBIC BANK
UGANDA**

HASSAN KIZITO

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**UGANDA CHRISTIAN
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DECLARATION

I, HASSAN KIZITO, hereby declare that this is my work and has never been submitted to any University for the award of a Bachelors in Business Administration.

Signature.......... Date..........

HASSAN KIZITO

M23B05/217

APPROVAL

I certify that the student has been under my supervision. The research work presented is original and it is for the award of a Bachelor in Business Administration of Uganda Christian University

Signature.......... Date.....15/04/2026.....
MR. AHABWE ALEX

MR. AHABWE ALEX

DEDICATION

This research is dedicated to my family for their constant and financial support, uncompromising belief and faith in my capacity to accomplish this level of study.

ACKNOWLEDGEMENT

I acknowledge my heavenly father to thank him for this opportunity and blessings upon me. He has been my supporter throughout my life in school. I would like to give special thanks to my family. I also take this opportunity to sincerely appreciate my university supervisor Mr. Ahabwe Alex for his academic guidance and supervision throughout my proposal writing period.

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ABSTRACT

This study examined the relationship between corporate governance and financial performance of commercial banks in Uganda, with a particular focus on the mediating role of management efficiency, using Stanbic Bank as a case study. The study was guided by three objectives: to determine the effect of corporate governance on financial performance, to examine the relationship between corporate governance and management efficiency, and to assess the influence of management efficiency on financial performance.

A quantitative, correlational, and cross-sectional research design was adopted. Data was collected from 120 respondents, including branch managers, accountants, and internal auditors, using structured questionnaires. Statistical analysis was conducted using SPSS, employing descriptive statistics, correlation, regression, and mediation analysis.

The findings revealed a significant positive relationship between corporate governance and financial performance. Corporate governance was also found to significantly influence management efficiency, while management efficiency had a strong positive effect on financial performance. Mediation analysis indicated that management efficiency partially mediates the relationship between corporate governance and financial performance, implying that governance mechanisms improve performance both directly and indirectly through enhancing operational efficiency.

The study concludes that effective corporate governance practices, supported by efficient management, are critical in improving the financial performance of commercial banks in Uganda. It recommends strengthening governance enforcement, improving board effectiveness, and investing in management efficiency to enhance overall bank performance.

CHAPTER ONE

1.0 Introduction

Corporate governance refers to the systems, principles, and processes by which companies are directed and controlled to safeguard the interests of stakeholders (Aguilera & Cuervo-Cazurra, 2009). In the context of banking, corporate governance is especially critical because banks operate with public deposits and play a vital role in financial intermediation. Their failure has significant ripple effects on the entire economy.

In view of the significance of commercial banks in financial stability and economic development, it is imperative to understand the association between corporate governance practices and financial performance. This study, therefore, aims to examine the impact of corporate governance practices, like those of the board, ownership, and audit committees, on the financial performance of commercial banks in Uganda. This study is premised by the following sections: historical, contextual, theoretical, and conceptual.

1.1 Background of the study

1.1.0 Historical background.

Corporate governance has emerged as an important issue for financial institutions since the global financial crises at the end of the 20th century and the early 21st century. In the past, inadequate corporate governance systems have led to financial scandals such as the Enron and WorldCom scandals in the early 2000s, which highlighted the risks associated with inadequate corporate governance systems in large corporations (Clarke, 2004).

In the context of the banking industry, the global financial crises in 2007 and 2008 highlighted the risks associated with inadequate corporate governance systems, such as inadequate risk management systems, excessive powers for management, and inadequate board oversight, which can have far-reaching effects for the global economy (Kirkpatrick, 2009). The global focus shifted to corporate governance systems in financial institutions.

strengthening governance frameworks in banks to promote stability, protect depositors, and ensure sustainable financial performance.

In Uganda, the banking sector has experienced various changes since the liberalization of the banking sector in the 1990s, which allowed private players and foreign banks to operate within the country (Beck & Hesse, 2009). However, the country has also experienced various governance issues, especially with the collapse of various banking institutions, such as Greenland Bank, which collapsed in 1999, and Crane Bank, which collapsed in 2016, highlighting the lack of effective governance, regulation, and ethical banking operations (Sserwanga, 2017). The collapses did not only affect the banking sector but also the trust of the public regarding the operations of the banks.

Thus, the historical trajectory shows that even as global governance reforms have significantly affected the operations of the banks, the Ugandan banking sector has equally shown the need for effective governance.

1.1.1 Contextual background.

The financial sector in Uganda is vital for intermediation and economic development. According to the Bank of Uganda (2022), the dominant sector in the Ugandan financial system is commercial banks, which control more than 80% of the total financial assets. The Ugandan financial sector has grown steadily since the liberalization of the economy in the 1990s. Both local and foreign investors have been attracted to the Uganda market. However, corporate governance has been a thorn in the side of the Ugandan financial sector. Issues of insider lending, ownership concentration, risk management, and board oversight by directors have affected stability in the Ugandan financial sector (Mwesigwa & Mubiru, 2019). The closure of Greenland Bank, Global Trust Bank, and Crane Bank in 2016 was a result of corporate governance challenges in the Ugandan financial sector. Challenges included conflict of interest, internal control failure, and regulatory failure (Nganga, 2020). This not only had a huge financial cost but also undermined public confidence in the banking system in Uganda.

Regulatory bodies, especially the Bank of Uganda, have since introduced different reforms geared to improve different aspects of governance practices. For example, the Financial Institutions Act of 2004, as amended in 2016, provides that commercial banks must have effective board structures, effective audit committee structures, and

transparent ownership structures (Tumwine, Akisimire, & Kamukama, 2021). Besides that, there has been an emphasis on risk-based supervision, fit and proper persons, and disclosure requirements in new corporate governance guidelines.

Nonetheless, the effectiveness of the governance practices in influencing the financial performance is doubtful, more so if one considers that some of the commercial banks are registering positive growth while others are facing serious problems in terms of liquidity and solvency. The reality of the situation is that the governance practices are still in the process of developing.

1.1.2 Theoretical background.

This study is based on different theories that explain the link between corporate governance and financial performance in commercial banks.

Agency theory is an idea in the study of how companies are run. When I think of Agency theory, I realize that it explains the agent relationship. In the agent relationship, shareholders (principals) grant authority to those who manage the company (agents) to run the company (Jensen & Meckling 1976). In the agent relationship, shareholders and those who manage the company have different goals. Those who manage the company can act in their own best interest, not in the best interest of shareholders. Those who manage the company can act in ways that reduce shareholders' wealth. Corporate governance practices, like effective boards and audit committees, are used to reduce agency costs. Agency theory in the banking industry focuses on the need to monitor those who manage the company to protect depositors.

Stakeholder theory takes it a step further by considering all those affected by the operations of the firm, such as employees, customers, and the community, among others (Freeman, 1984). Stakeholder theory affirms that creating value entails balancing different stakeholders' interests instead of solely focusing on those of shareholders. From my observation, in the banking sector, it is imperative for commercial banks to adhere to regulatory requirements. Additionally, it is imperative for commercial banks to observe lending ethics. Moreover, it is imperative for commercial banks to contribute to socio-development. This implies that governance in banks should be inclusive and sensitive to stakeholders' needs (Donaldson & Preston, 1995).

Unlike agency theory, stewardship theory affirms that managers in organizations are trustworthy and responsible for acting in the best interests of shareholders (Davis, Schoorman, & Donaldson, 1997). This suggests that the governance of organizations should not be too controlling but rather empowering to the managers, who are driven by intrinsic factors like achievement and recognition. In banking institutions, the stewardship theory asserts that the performance of the banking institution can be enhanced through harmonious board-management relations and strategic leadership.

The above three theories can thus be employed to formulate a comprehensive framework for analyzing the role of corporate governance mechanisms on bank performance. While agency theory emphasizes control, stakeholder theory emphasizes inclusiveness, and stewardship theory emphasizes trust and empowerment, the application of these theories can offer deeper insights into the relationship between corporate governance and bank performance in Uganda's commercial banking sector.

1.1.3 Conceptual background.

On the other hand, corporate governance refers to the structures, processes, and relations that govern and guide the organization. Corporate governance, therefore, seeks to have accountability, fairness, and transparency (OECD, 2015). I have also read that according to Aguilera and Jackson (2003), corporate governance includes aspects like board composition, corporate structure, and other intangible factors like culture and leadership. All these factors, therefore, contribute to the final outcome. In the banking industry, corporate governance is important. This is because banks receive public deposits, operate under high leverage, and are systemically important. Therefore, if corporate governance fails, systemic crises may occur. This can be seen in bank failures across different nations, including Uganda (Macey & O'Hara, 2003).

Financial performance, on the other hand, is a measure of the extent to which the organization uses its resources to generate revenues, sustain growth, and create value for its stakeholders. Financial performance can be measured by quantifying its value using profitability, return on assets, return on equity, etc. (Altman & Saunders, 2001). In the banking industry, financial performance not only adds value to shareholders but also reflects the capacity of the institution to cope with shocks and drive growth.

I have read literature on corporate governance and financial performance. The literature on corporate governance and financial performance indicates that there are results.

Some researchers indicate that corporate governance improves financial performance. Good corporate governance reduces agency costs, improves decision-making, and increases investor confidence (Claessens & Yurtoglu 2013). Other researchers indicate that corporate governance is subject to various factors such as ownership concentration, regulatory enforcement, and market structure in financial performance (Kyere & Ausloos 2021). This is an important factor in Uganda, particularly in view of the government's initiatives in promoting corporate governance in the financial sector in response to crises. Corporate governance provides an approach to understanding the financial viability of commercial banks.

Thus, this study is based on the definition of corporate governance in the context of commercial banks in Uganda as a system of control and mechanisms of accountability, and financial performance is defined as a measure of profitability, efficiency, and sustainability. The gap will be filled in this study to examine whether corporate governance reforms and practices in commercial banks in Uganda are producing desired outcomes in terms of financial performance.

1.2 Statement of the problem

Commercial banks are also important in the financial sector of Uganda in the mobilization of deposits, extension of credit, and promotion of growth. Commercial banks receive public deposits, and hence corporate governance is essential in maintaining public trust in terms of transparency and financial performance. Practices in corporate governance have been considered essential in promoting corporate governance and financial performance in commercial banks (Kyere & Ausloos, 2021; Vo & Nguyen, 2023).

Despite various regulatory efforts in strengthening corporate governance practices in Uganda, various corporate governance issues persist in Uganda's commercial banks. Various bank failures and regulatory interventions in Uganda have indicated various corporate governance problems in terms of board composition, ownership structure, and internal control systems, which have negatively impacted financial performance (Bank of Uganda, 2022). Although corporate governance practices in Uganda continue to improve, there is no clear indication that corporate governance practices are effectively promoting financial performance in Uganda's commercial banks.

Research on corporate governance and financial performance in emerging economies is inconclusiv.

In Uganda, most studies have focused on financial stability and regulatory compliance, while little empirical research has been conducted to ascertain the impact of specific corporate governance mechanisms on financial performance indicators such as return on assets (ROA) and return on equity (ROE) (Tumwine et al., 2021). This calls for an empirical study to ascertain the correlation between corporate governance and financial performance for commercial banks in Uganda.

1.3 Purpose of the Study

To establish the relationship between corporate governance and financial performance of commercial banks in Uganda.

1.4 Objectives of the study

1.To determine how corporate governance affects the financial performance of commercial banks in Uganda.

2.To investigate how ownership affects the financial performance of commercial banks in Uganda.

3.To analyze how audit committees can contribute to improving the financial performance of commercial banks in Uganda.

1.5 Scope of the study

1.6.0 Geographical Scope

The research will cover selected commercial banks regulated by the Bank of Uganda.

1.6.1 Time Scope

The research will take place over a period of two months, from September to October 2025.

1.6.2 Content Scope

The study will concentrate on corporate governance practices like board structure, ownership, and the role of the audit committee in relation to financial performance ratios like Return on Assets (ROA), Return on Equity (ROE), and net profit margin. These corporate governance practices and financial performance ratios have been extensively used in previous studies in the examination of corporate governance in the banking industry (Claessens & Yurtoglu, 2013; Kyere & Ausloos, 2021).

1.7 Significance of the Study

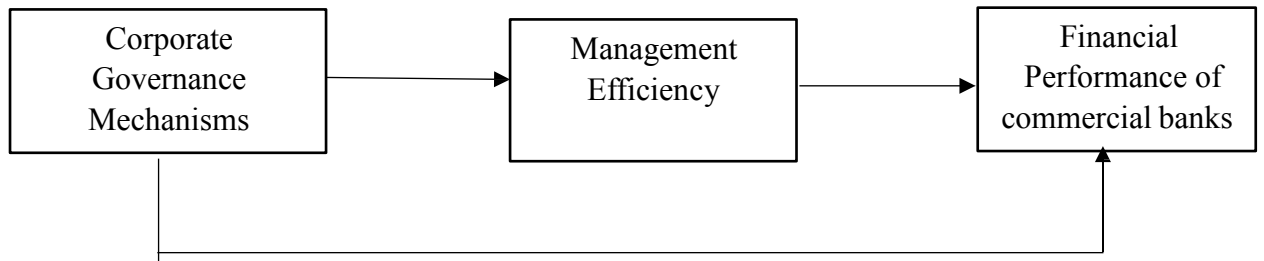
The study will generate empirical evidence to improve existing regulatory frameworks to achieve effective governance reforms in commercial banks.

The study will assist in investment decisions by identifying effective governance practices that improve financial performance.

This research study will contribute to academic literature in corporate governance in developing countries, focusing on the banking industry.

This study will satisfy academic requirements by enhancing knowledge in corporate governance and financial performance in Uganda's banking industry.

1.8 Conceptual Framework



As illustrated in Figure above, corporate governance mechanisms are the independent variables, management efficiency is the mediating variable, and financial performance of commercial banks is the dependent variable. Figure above illustrates that corporate governance mechanisms have a direct and indirect effect on the financial performance of commercial banks through management efficiency.

In particular, corporate governance mechanisms, including board composition, ownership structure, and audit committees, have a direct impact on management efficiency. Improved management efficiency, in turn, has a positive and direct impact on the financial performance of commercial banks.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Corporate governance, management efficiency, and financial performance have become key concerns in banking institution assessment, especially in a post-financial crisis context. Banks occupy a special position in any economy, being responsible for the safekeeping of public deposits and credit intermediation, and playing a key role in monetary stability. The collapse of some banks in Uganda, such as Greenland Bank in 1999 and Crane Bank in 2016, revealed that lapses in corporate governance and management efficiency can undermine financial institutions in a very short time (Nganga, 2020). This has led to increasing research interest in how corporate governance and management efficiency jointly influence financial performance in banks. Across the world, empirical studies have revealed that good governance practices encourage managerial efficiency, which in turn leads to financial performance (Claessens & Yurtoglu, 2013). Governance practices, such as independent boards, transparent ownership, and effective audit committees, encourage the alignment of managerial and shareholder interests. However, the influence of such mechanisms in Uganda is an issue of debate. Some studies have shown that improved governance structures are associated with higher profitability (Mpora et al., 2025), while others find no significant correlation when bank-specific factors such as leverage and size are accounted for (Sendyona, 2020).

Management efficiency plays a critical mediating role between governance and performance. Efficient management enables banks to utilize their resources optimally, maintain liquidity, minimize costs, and sustain profitability. Conversely, inefficiency in management, poor credit risk assessment, and weak internal control systems have led to persistent non-performing loans (NPLs) and low returns in several Ugandan banks (Mwesigwa & Mubiru, 2019).

This chapter critically reviews the literature on these interlinked constructs. It begins with an in-depth discussion of corporate governance mechanisms, followed by management efficiency and financial performance. It then examines the relationships

between corporate governance and management efficiency, between management efficiency and financial performance, and finally the combined effect of all three constructs. The chapter concludes by identifying key gaps in existing literature that this study seeks to address.

2.1 Corporate Governance Mechanisms

Corporate governance may thus be defined as “the system of rules, practices, and processes by which a corporation is directed and controlled to achieve its objectives of accountability, transparency, and sustainability” (OECD, 2015). The objective of corporate governance is to balance the interests of the various stakeholders of the corporation, which include shareholders, management, customers, regulators, and the community. In the banking industry, corporate governance is not only important for compliance, but it is also important for depositor confidence. The need for corporate governance in the banking industry may thus be understood with the fact that banks are highly leveraged, are financial intermediaries, and also experience information asymmetry (Macey & O’Hara, 2003).

The theory of corporate governance can be defined by agency theory that helps to understand the conflicting interests of shareholders (principals) and management (agents) (Jensen & Meckling, 1976). The implementation of corporate governance practices such as independent directors and audit committees is to address the agency problem. The scope of stakeholder theory is further extended to understand that organizations can achieve sustainability by meeting the interests of all stakeholders rather than focusing solely on maximizing profits (Freeman, 1984; Donaldson & Preston, 1995).

From the empirical evidence in Uganda, poor governance has, in the past, been established as one of the factors that may contribute to bank failures. For instance, the collapse of Crane Bank in 2016 was attributed to, among other factors, poor governance (Sserwanga, 2017). The collapse of Greenland Bank in the late 1990s was also attributed to governance issues and poor internal control (Nganga, 2020). As such, regulatory reforms were put in place, including the Financial Institutions Act (2004), which was amended in 2016 to strengthen the board, the independent audit committees,

and risk-based supervision (Tumwine, Akisimire, & Kamukama, 2021). However, recent studies have had divergent results on the effectiveness of governance practices in Ugandan banks. For example, Sendyona (2020) found that although governance practices, like the existence of boards and audit committees, were in place in Ugandan commercial banks, these practices were statistically insignificant in predicting the performance of the banks, considering the size of the bank. On the other hand, Mpora et al. (2025) found that there was a positive and significant association between governance practices and the financial performance of financial institutions in Uganda.

Globally, research has also established the significance of governance quality vis-à-vis structural compliance. Claessens and Yurtoglu (2013) argue that although the existence of governance codes is significant, the key to success is the enforcement and internalization of the same by the management. This is also supported by the statement of the OECD (2015), which states, “Effective governance reforms must be accompanied by an ethical corporate culture and regulatory supervision.” However, in the context of Ugandan banks, it is imperative that while adopting governance policies, professionalism, independence, and accountability of the board are also significant. The mechanisms for corporate governance are significant for the financial soundness of the bank, but it is imperative that the same are enforced for success. The concept of corporate governance in the context of Uganda is an evolving concept.

2.2 Management efficiency

Management efficiency is defined as “the effectiveness with which an organization’s management employs its financial, human, and technological resources to attain organizational objectives” (Altman & Saunders, 2001). In banks, for instance, this is indicated by profitability, costs, loan portfolios, and liquidity. Efficient bank management ensures maximum use of available resources, stability, and shareholder value. Inefficient bank management, on the other hand, results in wastage, liquidity problems, and bad loans.

In Uganda, various researchers have emphasized the importance of management efficiency in influencing bank performance. Kijjambu (2014) noted that bank management efficiency, capital adequacy, and asset quality significantly influenced the

profitability of domestic banks. In another study, Muwugumya (2025) noted that effective working capital management, such as cash forecasting and controlling debtor's money, significantly influenced financial performance in Centenary Bank. These studies demonstrate how effective decision-making and cost control influence banks' profitability.

Another aspect of management efficiency that involves risk management has also been acknowledged by various researchers, like Nankebe (2008), who established that effective risk management practices positively affected the performance of Ugandan banks, especially regarding credit and liquidity risks. Later, this was supported by Tumwine et al. (2021), who established that internal control systems improve financial performance, especially when they are incorporated into governance systems.

Another factor that has been identified as affecting efficiency, especially in recent times, relates to technological innovation, like the application of e-banking systems, which was established by Nsubuga Mayanja (2020) to improve transaction monitoring and reduce costs, hence improving customer satisfaction and profitability. The application of mobile banking systems has also improved efficiency, especially regarding transaction costs, as established by Summit Consulting Ltd. (2021). However, this requires management efficiency to strike the balance between technology investment and cost management, as inefficient systems may lead to increased costs and risks in the short term.

In conclusion, management efficiency can be viewed as the core of bank operations. This is where governance strategies are put into practice by optimizing resources, managing risks, and encouraging innovation. This shows that without efficiency, governance strategies are merely useless.

2.3 Financial Performance of Commercial banks

Financial performance measures the capacity of the bank to produce profitable growth while maintaining liquidity, solvency, and asset quality (Altman & Saunders, 2001). It reflects the quantitative dimension of the quality of management and corporate governance. Financial performance indicators include return on assets (ROA), return on

equity (ROE), net interest margin, and cost to income ratio. Other significant indicators of financial performance are non-performing loans (NPL) and capital adequacy ratios.

The empirical literature confirms the relationship between financial performance and corporate governance as well as managerial practices. Ssemugenyi (2018) established that the ownership structure of commercial banks significantly affected the return on assets (ROA) and return on equity (ROE) in Uganda. Kijjambu (2014) found that management efficiency and capital adequacy ratios were the major determinants of profitability in Ugandan commercial banks. However, not all studies support the same conclusion. Sendyona (2020) found that board independence and audit committees did not have any direct significant influence on profitability, suggesting the significance of differences.

The Bank of Uganda (2022) Annual Supervision Report indicates that while the banking industry as a whole continues to be profitable, there are differences in performance levels. For instance, Stanbic Bank and Centenary Bank, which are well-governed and have effective management practices, record higher profitability levels and lower NPL ratios compared to other smaller, ill-governed banks. This confirms that financial institution performance is multi-dimensional and encompasses not only profitability but also effective governance and management practices.

Globally, similar trends are observed. Claessens & Yurtoglu (2013) note that firms with effective corporate governance practices tend to display better risk-adjusted returns. However, in emerging markets, market volatility and poor regulation tend to influence these trends. This resonates with the Ugandan market, where profitability variability tends to be correlated with regulation, ownership, and macroeconomic factors (Nganga, 2020).

In conclusion, financial performance reflects the cumulative impact of corporate governance and management efficiency. Measuring it accurately requires incorporating both profitability and stability indicators to capture not just short-term gains but long-term sustainability.

2.4 The Relationship Between Corporate Governance and Management Efficiency

Corporate governance structures and management efficiency go hand in hand. Governance provides the structures that ensure managerial accountability, while

management efficiency provides the operationalization of the structures. According to agency theory, well-structured governance structures reduce opportunism and encourage managers to act in the best interest of the firm (Jensen & Meckling, 1976). In banks, good governance structures such as boards, reporting, and auditing have been shown to improve efficiency in decision-making and reduce managerial slack.

Empirical studies in Uganda have shown that there exists a strong correlation between good governance structures and organizational performance. In their study, Mpora et al. (2025) showed that the correlation exists due to good managerial practices. In another study, Mpora et al. (2021) showed that transparency and board effectiveness improved business management indicators. This implies that good governance structures promote efficient management behavior. Tumwine et al. (2021) showed that good governance structures improved internal controls, which are key in management efficiency.

However, it should be noted that this is not an automatic process. Sendyona (2020) found that formal governance structures in Ugandan banks had limited effects in influencing bank management outcomes where there was a lack of technical expertise and independence in governance structures. This implies that it is not the formal structures, but the functional ones, which are important. Functional governance structures are those which offer strategic direction and ensure that the management has operational discipline.

In conclusion, it is apparent from the literature that the corporate governance structures have a positive effect on the management efficiency in the organizations where corporate governance is robust, participatory, and ethical in nature.

2.5 The Relationship Between Management Efficiency and Financial Performance of

Commercial banks

It is a fact that the management efficiency of banks has a direct impact on the profitability and sustainability of banks. The impact of management efficiency on the profitability of commercial banks in Uganda was shown by Kijjambu (2014), while the impact of management efficiency on the ROA and liquidity of banks in Uganda was shown by Muwugumya (2025). The impact of management efficiency on the profitability of banks in Sri Lanka was shown by Swarnapali (2014), which proved its universality.

It is evident from various studies that management efficiency affects profitability positively through maintaining asset quality, reducing non-performing assets, and improving interest margins (Nankebe, 2008). However, it affects profitability negatively through weak credit appraisal systems, operating costs, and low profitability in banks with low management efficiency. Banks in Uganda that invested in technology and capacity building have improved efficiency and profitability (Nsubuga Mayanja, 2020; Summit Consulting Ltd., 2021). The positive link between efficiency and performance can also be justified by the resource-based theory (Barney, 1991), which asserts that internal and unique capabilities, including management efficiency, may result in competitive advantage. Therefore, not only does management efficiency result in financial performance, but it may also result in improved financial robustness.

2.7 The combined effect of corporate governance and management efficiency on financial performance of commercial banks

The relationship between governance, management efficiency, and financial performance has progressively come into focus given the interactivity of these factors. While corporate governance is concerned with direction and control, management efficiency is concerned with implementation, and financial performance is concerned with achievement. A number of empirical studies have pointed to this complex relationship but have not extensively explored this relationship in Uganda.

In their research, Mpora et al. (2025) pointed out that good corporate governance has a positive association with institutional performance. This implies that corporate performance is indirectly affected by corporate governance through better management processes. In another research, Tumwine et al. (2021) pointed out that internal control, an aspect of corporate governance, has a positive effect on financial performance through better management efficiency. However, they have not completely examined the effect through the lens of management efficiency.

In theory, the efficiency of management can be both the mediating and/or enhancing factor of the relationship between governance and financial performance. This is because good governance encourages the flow of information, reduces uncertainty, and increases the incentives of the managers, thus improving the efficiency of the management and financial performance. On the other hand, bad governance results in

the reduction of the discipline of the managers, hence the inefficiency of the management and the financial performance (Nganga, 2020).

The compound relationship between governance and financial performance in Uganda is of great interest, especially due to the fact that the majority of the banks in the country are struggling with both governance and the efficiency of the management. This study, therefore, closes the interesting gap in the literature by seeking to understand the relationship between the efficiency of the management and financial performance with governance as the mediating factor.

2.6 Research Gaps in Literature

Despite the vast literature, some gaps have been left unanswered, with most studies in Uganda focusing on the direct relationship between governance and performance, with no focus on the mediating effect of management efficiency (Sendyona, 2020; Mpora et al., 2025).

Secondly, current literature has been limited in that it has used limited proxies to measure governance and efficiency, such as board sizes and cost-to-income ratios, while overlooking qualitative aspects of governance, such as competence, strategic leadership, and innovation (Oder et al., 2021; Tumwine et al., 2021).

There has been little use of recent data that reflects the reforms introduced in 2019, digitalization, and the economic environment that has been affected by the COVID-19 pandemic, which has greatly impacted managerial and operational practices (Bank of Uganda, 2022).

Moreover, there has been little use of risk-adjusted financial performance, which considers other factors, including capital adequacy and asset quality, to measure long-term sustainability instead of focusing on short-term profitability (Nganga, 2020).

Additionally, contextual factors, including ownership structure, bank size, and regulatory intensity, have not been explored, even though they have a significant effect on governance and efficiency (Claessens & Yurtoglu, 2013).

Lastly, qualitative approaches have not been used. Most of the literature in Uganda has used quantitative models, failing to include other relevant information that can be gained by interviewing board members, regulators, and managers about their perceptions of how governance practices function in the country.

By addressing these issues, a better understanding of the effect of corporate governance practices and management efficiency, jointly, can be gained.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The methodology that this chapter presents will be the guide in carrying out the study on the relationship that exists between corporate governance mechanisms and the financial performance of commercial banks in Uganda, with the efficiency of management as an intermediary variable. It includes the research design, data sources, population, methods of sampling, data collection methods, operational definition of the variables, methods of data analysis, ethical considerations, and the limitations that the study may face. The methodology that the chapter presents allows the researcher to achieve the objectives of the study through the use of quantitative research design.

3.1 Research Design

A quantitative, correlational, and cross-sectional research design will be used in the study. The importance of using quantitative research is that it will enable the collection of numerical data that can be analyzed statistically (Creswell & Creswell, 2018). The reason for using the correlational design is that the researcher aims to find correlations between variables such as corporate governance mechanisms, management efficiency, and financial performance (Saunders, Lewis, & Thornhill, 2019). The cross-sectional design is also relevant to the study because the data will be collected from the target population at one single point in time (Bryman, 2016).

This design is relevant to the study because it will enable the researcher to measure the variables objectively using statistical analysis with the help of inferential statistics tools in SPSS software. The design is also relevant to the study because previous studies on the relationship between corporate governance mechanisms and financial performance used the same design (Mpora et al., 2025; Sendyona, 2020). The design also offers descriptive and inferential insights regarding the relationship between variables such as management efficiency and financial performance in commercial banks.

3.2 Sources of Data

The data collection will be done directly from a manageable number of employees recruited from selected commercial banks in the Kampala District. This is because branch managers, accountants, and internal auditors are directly involved in implementing governance practices and are in a position to provide first-hand knowledge on how the efficiency of management and the effectiveness of corporate governance mechanisms affect the financial performance of their respective banks.

3.3 Population of the Study

The target population of this study includes commercial banks that operate in Uganda and are licensed and regulated by the Bank of Uganda. Since the aim of the study is to establish the relationship between the mechanisms of corporate governance, management efficiency, and financial performance at the institutional level, each commercial bank will be considered as one observation level.

At the level of each commercial bank, the data collection will be done from a few officers who are knowledgeable in the operations of the commercial banks and are involved in the governance processes of the commercial banks. These officers include branch managers, accountants, and internal auditors.

A minimum of 15 commercial banks will be considered to ensure sufficient representation and reliability of the data collected using the quantitative correlational analysis (Saunders et al., 2019; Kothari, 2020).

3.4 Sample Size and Sampling Technique

The study design will utilize a combination of purposive and stratified random sampling techniques, which will ensure the representation of large as well as small commercial banks operating in Uganda. In addition, 3 to 5 key respondents, specifically branch managers, accountants, and internal auditors, of the selected commercial banks will be utilized as key respondents, allowing the study to obtain averaged data at the institutional level.

These key respondents are closely associated with the governance, operation, and financial reporting of the commercial banks, hence allowing the study to obtain reliable information regarding the variables under investigation.

The study design is expected to obtain data at the institutional level, aggregated from employee data of around 15 commercial banks, allowing the study to obtain balanced data from different types of commercial banks, as categorized by their size and ownership structure, as recommended by Saunders, Lewis, and Thornhill (2019) as well as Kothari (2020).

3.5 Data Collection Procedure

Data collection will be done through the administration of a structured self-administered questionnaire, which is likely to obtain the necessary data on the various aspects of corporate governance, efficiency of management, as well as various aspects of the financial performance of the selected commercial banks.

Before the data collection process, the researcher is expected to obtain the necessary permission from the management of the selected commercial banks, as well as ethical clearance from the relevant university.

The researcher is expected to administer the questionnaire during working hours, with an explanation of the objectives of the study, as well as the need for the respondents to fill the questionnaire within a week, after which the researcher will retrieve the questionnaires, leading to an increase in the accuracy of the data collected, as this method is likely to ensure the convenience of the respondents, as explained by Bryman (2021).

3.6 Operationalization and Measurement of Variables

The study will focus on three major variables:

- **Independent Variable:** Corporate Governance Mechanisms
- **Mediating Variable:** Management Efficiency
- **Dependent Variable:** Financial Performance of Commercial Banks

Corporate governance practices would be quantified through dimensions such as independence, effectiveness, transparency, and accountability, as these dimensions are the key indicators of corporate governance (Claessens & Yurtoglu, 2013).

Management efficiency would be quantified through dimensions such as cost control, efficiency in the utilization of resources, effectiveness in decision-making, and risk management, as suggested by Kijjambu (2014).

Financial performance would be quantified through dimensions such as profitability, return on assets, and asset quality, as suggested in the literature (Altman & Saunders, 2001; Chen et al., 2022).

A five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree) would be applied to quantify the data, and the data would be analyzed using statistical tools such as SPSS, as it would enable the researcher to perform quantitative analysis (Kothari, 2020).

3.7 Data Analysis Techniques

The data will be encoded and entered into the Statistical Package for the Social Sciences (SPSS), version 26, for data analysis. Descriptive statistics such as mean, standard deviation, and percentages will be used to describe the demographic and variable-related data.

To obtain a single data point per bank, the data collected from several staff members of the same bank will be averaged. This will ensure uniformity and comparability of data across all the banks.

In addition, inferential statistics such as Pearson's correlation and regression will be used to establish the extent of the impact of corporate governance and management efficiency on financial performance.

These types of analysis are similar to previous studies on corporate governance-performance relationships in the banking industry (Field, 2021).

3.8 Ethical Considerations

The researcher will make sure that ethical guidelines are adhered to during the entire research process. The research will be voluntary, and the subjects will be made aware of the right to withdraw at any stage of the research. Consent will be obtained before the actual research, and the subjects will be assured of confidentiality (Resnik, 2020). The

researcher will seek approval from the research ethics committee of the university before the actual research begins.

3.9 Anticipated Limitations

A few limitations are anticipated, however. One is the possibility of response bias, which may lead respondents to give socially desirable answers, hence compromising the validity of the study (Bryman, 2016). This, however, may be addressed by stressing the need for anonymity of the respondents. Another anticipated limitation is that some of the banks may not give the researcher access to their internal data, hence the inability to cross-verify the information obtained. Thirdly, the study may not account for the long-term causal effects of governance on performance, as it is a cross-sectional study. In addition, some external factors may emerge during the study, which may influence the findings of the study. However, the study will employ statistical controls to address these limitations, as recommended by Creswell and Creswell (2018).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter is used for the presentation of the analysis and interpretation of the data collected for the purpose of establishing the relationship between corporate governance, management efficiency, and the financial performance of commercial banks in Uganda, with special reference to Stanbic Bank. The data was collected using a structured questionnaire, which was distributed to branch managers, accountants, and internal auditors. The data was analyzed using the Statistical Package for Social Sciences (SPSS) version 25. This chapter starts with the response rate and demographic information of the respondents, then moves on to the presentation of the results regarding the variables, and finally ends with the results regarding the hypotheses.

4.1 Response Rate

A total of 150 questionnaires were distributed to the target respondents at Stanbic Bank. Out of the total distributed questionnaires, 120 were returned completed, which is equivalent to a response rate of 80%. This is considered a high response rate that is adequate enough to establish the reliability of the study findings for the case study institution.

4.2 Demographic Characteristics of Respondents

The demographic profile of the respondents was analyzed on the basis of gender, age, level of education, and years of experience in the banking industry. The findings are presented in Table 4.1.

Variable	Category	Frequency	Percentage (%)
Gender	Male	75	62.5
	Female	45	37.5

Age Group	25-34 years	48	40.0
	35-44 years	54	45.0
	45-54 years	15	12.5
	55 years and above	3	2.5
Highest Education Level	Bachelor's Degree	81	67.5
	Master's Degree	33	27.5
	Professional Certification (e.g., ACCA, CPA)	6	5.0
Years of Experience	1-5 years	24	20.0
	6-10 years	60	50.0
	11-15 years	30	25.0
	Above 15 years	6	5.0

Source: Primary data.

The results presented in Table 4.1 show that the majority of the respondents were males (62.5%). The majority of the respondents were aged between 35 and 44 years (45.0%), followed by those aged between 25 and 34 years (40.0%). This indicates that the respondents were in their prime years of productivity. The majority of the respondents had a bachelor's degree as their highest level of education (67.5%), while 27.5% had a master's degree. Additionally, half of the respondents (50.0%) had between 6 and 10 years of experience in the sector.

The results presented in Table 4.1 show that the respondents were well-educated and had experience, thus adding credibility to the results collected.

4.3 Descriptive Statistics for Study Variables

Descriptive analysis in terms of mean and standard deviation was calculated for independent variable Corporate Governance, mediating variable Management Efficiency, and dependent variable Financial Performance. The variables were measured on 5-point Likert scale, with 1 point corresponding to 'Strongly Disagree' and 5 points corresponding to 'Strongly Agree'.

The results are presented in Table 4.2.

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Corporate Governance Mechanisms	120	2.80	5.00	3.85	0.68
Management Efficiency	120	3.00	5.00	3.92	0.61
Financial Performance	120	3.20	5.00	4.11	0.54

Source: Primary data.

From Table 4.2 above, Financial Performance recorded the highest mean value ($M=4.11$, $SD=0.54$), implying that the respondents generally viewed financial performance positively. On the other hand, Management Efficiency recorded a high value ($M=3.92$, $SD=0.61$), implying that there was a positive perception of the bank's management efficiency. On the other hand, Corporate Governance Mechanisms recorded a mean value of 3.85 ($SD=0.68$),

which is above 3.0 and implies that there was a consensus among the respondents that the bank has effective corporate governance structures in place.

Note that all variables have relatively low standard deviations.

4.4 Correlation Analysis

Pearson's correlation coefficient (r) was used to determine the strength and direction of the linear relationship between the study variables. The results of the correlation analysis are presented in Table 4.3.

Variable	1. Corporate Governance	2. Management Efficiency	3. Financial Performance
1. Corporate Governance	1		
2. Management Efficiency	.615**	1	
3. Financial Performance	.548**	.702**	1
** Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data.

The findings in Table 4.3 indicate that all variables are significantly correlated with each other. There is a strong, positive, and significant correlation between Corporate Governance and Financial Performance, with a correlation coefficient of .548 and $p < 0.01$. This implies that there is a significant relationship between corporate governance and financial performance. The better the corporate governance, the better the financial performance. There is also a strong, positive, and significant correlation between Corporate Governance

and Management Efficiency, with a correlation coefficient of .615 and $p < 0.01$. The strongest correlation is found between Management Efficiency and Financial Performance, with a correlation coefficient of .702 and $p < 0.01$. This implies that there is a significant relationship between management efficiency and financial performance, with management efficiency being the predictor variable.

4.5 Regression Analysis

To test the hypotheses of the study, multiple regression analysis was performed. This entailed an analysis of the predictive ability of corporate governance on financial performance and efficiency of management, as well as the effect of efficiency of management on financial performance.

4.5.1 Effect of Corporate Governance on Financial Performance

The first regression model tested the direct effect of Corporate Governance on Financial Performance. The results are summarized in Table 4.4.

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.548a	.300	.294	0.453	
a Predictors: (Constant), Corporate Governance					
ANOVA ^b					

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.355	1	10.355	50.512	.000a
Residual	24.185	118	0.205		
Total	34.540	119			
aPredictors: (Constant), Corporate Governance; bDependent Variable: Financial Performance					
Coefficients a					
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta		
(Constant)	2.450	0.235		10.425	.000
Corporate Governance	0.431	0.061	.548	7.107	.000
aDependent Variable: Financial Performance					

Source: Primary data.

The findings indicate that Corporate Governance has a statistically significant positive impact on Financial Performance, with a coefficient value of .548 and $p < 0.001$. The value of R-squared is .300, implying that 30.0% of financial performance variance is explained by Corporate Governance. The hypothesis that Corporate Governance has a positive impact on financial performance is supported.

4.6 Mediation Analysis

In order to assess the mediating role of Management Efficiency between Corporate Governance and Financial Performance, mediation analysis was performed using the PROCESS Macro for SPSS. This approach includes a series of regression analyses that enable the estimation of the total, direct, and indirect effects. The steps of this mediation analysis were as follows:

1. The total effect of Corporate Governance (Independent Variable) on Financial Performance (Dependent Variable) was established (Path c).
2. The effect of Corporate Governance (Independent Variable) on Management Efficiency (Mediator) was tested (Path a).
3. The effect of Management Efficiency (Mediator) on Financial Performance (Dependent Variable), while controlling Corporate Governance (Independent Variable), was tested (Path b).
4. The direct effect of Corporate Governance (Independent Variable) on Financial Performance (Dependent Variable), while controlling Management Efficiency (Mediator), was examined (Path c').

The results are summarized in Table 4.5.

Path	Effect	Coefficient (B)	Std. Error	t-value	p- value
Total Effect (c)	CG -> FP	0.431	0.061	7.107	.000
Path a	CG -> ME	0.551	0.068	8.103	.000
Path b	ME -> FP (controlling for CG)	0.495	0.065	7.615	.000
Direct Effect (c')	CG -> FP (controlling for ME)	0.158	0.063	2.508	.013
Indirect Effect (a*b)					
Effect	Bootstrapped 95% CI	Result			
0.273	[0.198, 0.355]	Significant			

Source: Primary data.

The analysis has produced some interesting findings. The first is that the total effect of Corporate Governance on Financial Performance was statistically significant ($B = 0.431$, $p < .001$). The second is that Corporate Governance was a statistically significant predictor of Management Efficiency (Path a: $B = 0.551$, $p < .001$). The third is that Management Efficiency was a statistically significant predictor of Financial Performance, controlling

Corporate Governance (Path b: $B = 0.495$, $p < .001$). The fourth is that the direct effect of Corporate Governance on Financial Performance, controlling the mediator, was still statistically significant but was substantially reduced in magnitude (Path c': $B = 0.158$, $p = .013$), though originally it was $B = 0.431$.

Most importantly, the indirect effect of Corporate Governance on Financial Performance via Management Efficiency was 0.273. The 95 percent confidence interval of the indirect effect, obtained via bootstrapping, is [0.198, 0.355], which does not contain 0, hence confirming that the indirect effect is statistically significant. The direct effect, c', as well as the indirect effect, $a * b$, were found to be statistically significant, hence implying that the mediation effect is partial.

4.7 Summary of Hypotheses Testing

The results from the statistical analyses are summarized in Table 4.6, indicating whether each research hypothesis was supported by the data.

Hypothesis	Description	Analysis Method	Result
H1	There is a significant positive relationship between corporate governance and financial performance.	Regression Analysis	Supported
H2	There is a significant positive relationship between corporate governance and management	Regression Analysis	Supported

	efficiency.		
H3	There is a significant positive relationship between management efficiency and	Regression Analysis	Supported

	financial performance.		
H4	Management efficiency mediates the relationship between corporate governance and financial performance.	Mediation Analysis	Supported (Partial Mediation)

Source: Primary data.

CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSION, AND RECOMMENDATIONS

5.0 Introduction

This final chapter is a summary of the findings of the study as presented in Chapter Four. It discusses the findings in the context of the existing literature and theories. It then draws a conclusion from the entire study. It also discusses the implications of the findings and the recommendations to the various stakeholders including the policymakers, the management of the bank, and the future researcher. Finally, the limitations of the study are highlighted.

5.1 Summary of Major Findings

The objective of the study was to assess the relationship between corporate governance and financial performance, with special reference to the mediating effect of management efficiency in Ugandan commercial banks. The key findings from the data collected from Stanbic Bank are as follows:

1. There exists a significant and positive relationship between corporate governance practices and the financial performance of the bank. This was ascertained through the results of the regression analysis, which showed that corporate governance practices account for a large proportion of the variation in the financial performance of the bank.
2. There was a significant positive relationship between corporate governance practices and management efficiency, implying that effective corporate governance practices lead to enhanced efficiency in the operations of the bank.
3. Management efficiency was found to have a strong, positive, and significant impact on financial performance, thus confirming the importance of management efficiency as a driver of financial performance.
4. The study found that management efficiency plays the role of partial mediator in the relationship that exists between corporate governance and financial performance. This means that corporate governance has both direct and indirect effects on financial performance through the improvement of management efficiency.

5.2 Discussion of Findings

This section discusses the findings in relation to the research objectives and the existing body of academic literature.

5.2.1 The Relationship between Corporate Governance and Financial Performance

The significant positive impact of corporate governance on financial performance is consistent with a large body of international research. The findings are consistent with the agency theory perspective (Jensen & Meckling, 1976), which suggests that effective governance structures align the interests of management with those of shareholders, thereby reducing agency costs that improve financial performance. The findings are also consistent with the study by Aguilera & Cuervo-Cazurra (2009), which suggests that "codes of good governance" are implemented as a tool to signal to stakeholders that we are a quality organization, thereby improving firm value. In terms of emerging markets, internal governance is particularly important given that institutional voids are common. The findings are consistent with a survey by Claessens & Yurtoglu (2013), which found that better corporate governance in emerging markets is associated with better valuation and financial performance.

In terms of banking, this industry is particularly vulnerable to leverage risk and information asymmetry. Macey & O'hara (2003) highlight that corporate governance in banking is particularly distinct and critical due to their importance in the overall economy and the risk of systemic failure. The results of this research also support the notion that for a Ugandan commercial bank, good corporate governance practices such as board independence, effectiveness of audit committees, and transparency of disclosure are not merely box-ticking exercises, but rather key business drivers for delivering exceptional business performance. This conclusion is also supported by another research conducted in Uganda, such as that of Mpora and Atukunda (2025). The research also found that corporate governance has a positive relationship with the performance of financial institutions in Uganda.

5.2.2 The Mediating Role of Management Efficiency

The most important contribution of the study lies in the identification of the role of management efficiency as a partial mediator. This gives a detailed understanding of "how" corporate governance translates into financial performance. This indicates that corporate

governance practices are not a mere "black box," as they operate through particular channels. Good corporate governance practices create an environment in which the management is enabled and monitored to efficiently utilize resources, optimize processes, and make strategic decisions. This aligns with the stewardship theory (Davis, Schoorman, & Donaldson, 1997), as it indicates that when managers are put in a position of trust (to act as stewards), they will act to optimize firm performance. Good corporate governance practices empower such stewards to optimize efficiency. The immediate impact of corporate governance on performance could be due to several factors, such as the ability of good corporate governance to boost investors' confidence and reduce the cost of capital, as indicated by the OECD's work on governance principles (Dignam & Galanis, 1999).

However, the significant indirect effect also points to the fact that one major way of creating value is through internal operational efficiencies. When the board is effective in its governance role and the audit committee is effective in its role of maintaining the integrity of the financials, the management is forced to be efficient in its operations, hence improving profitability through effective cost management and asset utilization. This study contributes to the existing literature by Turyahebwa (2013) and Caleb (2025), who examined the financial performance of microfinance institutions in Uganda, by establishing the link between management efficiency and the performance of commercial banks.

5.2.3 The Importance of Governance in the Ugandan Context

The findings of the study are of particular significance to the emerging economy of Uganda, where the banking industry is the mainstay of economic growth. Corporate governance studies of emerging economies, as presented by Ararat, Claessens, and Yurtoglu (2021), have emphasized the particular challenges and opportunities that the emerging economies of the world are facing, with respect to the external environment of the corporations in these countries. The study of Stanbic Bank, an industry leader, has shown that the implementation of international best practices in corporate governance has the potential to create enormous benefits, which could act as a guide for other corporations in the country. The study by Mpora et al. (2025), on the corporate governance of financial institutions in Uganda, reiterates the significance of the study, as the link between corporate governance, efficiency, and performance has been well established, which is of particular significance in the context of the efforts of the Bank of Uganda and other regulatory bodies in the country, aimed at strengthening the corporate governance of financial institutions in the country, as emphasized by Munyambonera et al. (2014).

5.3 Conclusion

This study hereby concludes that corporate governance indeed plays a very important role as a determinant of financial performance in the banking sector of Uganda. The role of corporate governance in financial performance is not just direct, as seen in the findings of this study, but also largely influenced by the efficiency of the bank's management. Therefore, good corporate governance practices create a platform that encourages the enhancement of operational efficiencies, which in turn improves the overall financial performance of the organization. The findings of the study empirically proved the propositions of agency theory and stewardness theory in the context of a leading commercial bank operating in the emerging market of Uganda. Therefore, banks operating in Uganda and seeking to enhance their overall financial performance should consider investing in the enhancement of corporate governance practices.

5.4 Recommendations

Based on the findings and conclusions of the study, the following recommendations are proposed:

5.4.1 Recommendations for Policymakers and Regulators (e.g., Bank of Uganda)

- **Strengthen Enforcement:** Rather than just providing governance guidelines to businesses, it is important that regulatory bodies monitor and enforce these rules. This means conducting periodic governance audits and imposing significant sanctions in case of non-compliance.
- **Promote Continuous Training:** The Bank of Uganda must encourage commercial bank directors to engage in periodic training programs to stay abreast of various trends in corporate governance, risk management, and ethics.
- **Incentivize Best Practices:** Consider creating a public "Corporate Governance Index" for financial institutions to publicly recognize and reward banks that demonstrate exemplary governance, thereby fostering healthy competition and raising industry standards.

5.4.2 Recommendations for Practitioners (Commercial Banks' Management and Boards)

Focus on Substance rather than Form: Banks should ensure that their governance is not just a "tick-box" exercise. The board should engage actively in strategic governance, challenge management, and promote a culture of accountability.

Invest in Management Efficiency: Banks should recognize efficiency as a significant route to improving their performance. Banks should invest in technology, re-engineering processes, and training employees to maximize efficiency. The risk and strategy committees within the board should monitor efficiency metrics.

Improve Board Composition: Banks should review their board composition to ensure that it is balanced in terms of skills, experience (especially in finance and risk management), as recommended by De Andrés et al.'s study on OECD countries.

5.4.3 Recommendations for Future Research

Expand Sample Size: Future studies may want to expand the sample size of commercial banks in Uganda. This is expected to improve the generalizability of the findings to the entire industry.

Longitudinal Study: A longitudinal study may be beneficial in providing deeper insights into the relationships and their causation. In addition, it may reveal the long-term effects of governance practices on performance.

Explore Other Variables: Future studies may want to examine other potential mediating and moderating factors such as risk culture, technology adoption, and ownership structure (Cuervo- Cazorra et al., 2014) in the governance-performance relationship.

Comparative Analysis: A comparative study between private domestic banks, foreign-owned banks, and state-influenced banks in Uganda may be beneficial in providing deeper insights into the relationship between ownership structure and governance-performance.

5.5 Limitations of the Study

The study is subject to several limitations. First, its focus on a single case study (Stanbic Bank) limits the generalizability of the findings to the entire Ugandan banking industry. Second, the cross-sectional nature of the data does not allow for the establishment of definitive causality. Third, the study relied on perceptual data from employees for measuring its constructs, which may be subject to subjective bias, although the use of managerial and audit staff mitigates this to some extent. Finally, financial performance was also measured perceptually, whereas future studies could benefit from incorporating objective financial data from audited reports.

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APPENDIX I:
QUESTIONNAIRE

This questionnaire is designed to collect data from employees and managers of selected commercial banks in Uganda to assess the relationship between corporate governance mechanisms, management efficiency, and financial performance.

Instructions:

Please answer all questions truthfully. Your responses will remain completely confidential and will only be used for academic purposes. Tick the appropriate answer for each question based on your opinion.

Section A: Demographic Information

No. Question		
1	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
2	Age Bracket	<input type="checkbox"/> 18–25 years <input type="checkbox"/> 26–35 years <input type="checkbox"/> 36–45 years <input type="checkbox"/> 46 years and above
3	Education Level	<input type="checkbox"/> Diploma <input type="checkbox"/> Bachelor's Degree <input type="checkbox"/> Master's degree
4	Department	<input type="checkbox"/> Management <input type="checkbox"/> Other <input type="checkbox"/> Finance <input type="checkbox"/> Audit <input type="checkbox"/> Operations <input type="checkbox"/>
5	Position	<input type="checkbox"/> Branch Manager <input type="checkbox"/> Accountant <input type="checkbox"/> Internal
6	Years of experience in the banking sector.	<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1–3 years <input type="checkbox"/> 4–6 years <input type="checkbox"/> 7 years and above

Section B: Corporate Governance Mechanisms

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

No. Statement	1 2 3 4 5
1 The bank has a well-defined corporate governance framework.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2 The board of directors operates independently and objectively.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3 The audit committee effectively monitors financial reporting.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4 There is a clear separation between board and management roles.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5 The bank regularly discloses transparent financial information.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6 Internal controls and compliance systems are effective.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7 The board ensures accountability for all management decisions.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Section C: Management Efficiency

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

No. Statement	1 2 3 4 5
1 Bank management efficiently utilizes available resources.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2 Operational costs are effectively controlled.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3 Decision-making processes are quick and evidence-based.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

4	The management structure encourages innovation and productivity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	
5	Staff are well-supervised and supported to achieve performance targets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	
6	Risk management practices are efficiently implemented.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	
7	Communication between departments enhances operational efficiency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	

Section D: Financial Performance

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

No.	Statement	1	2	3	4	5
1	The bank's profitability has improved in recent years.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>			
2	The bank maintains strong liquidity levels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>			
3	The return on assets (ROA) has shown positive growth.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>			
4	The quality of the loan portfolio has improved over time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>			
5	Non-performing loans have significantly reduced.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>			
6	Sound management practices have enhanced financial stability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>			
7	The bank's overall financial performance meets strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>			

Thank you for your participation.