International Research Journal of Arts and social Science Vol. 3(3) pp. 75-82, August, 2014
DOI: http:/dx.doi.org/10.14303/irjass.2014.043
Available online http://www.interesjournals.org/IRJASS

Full Length Research Paper

Corporate governance and the financial performance of savings, credit and corporative societies

[1]George Ndiwalana [2]Johnson Ssekakubo [3]Freddie Lwanga

[1]Department of Accounting Makerere University Business School [2]Department of Management Science Makerere University Business School [3]Department of Human Resource Management Makerere University Business School

Corresponding author email:kimayoka@gmail.com

Abstract

This study focused on examining the relationship between Corporate Governance and Financial Performance of Savings, Credit and Corporative Societies in Uganda. The motivation of this study was the fact that the Government of Uganda and other stakeholders had directed their effort towards enhancing good Corporate Governance in Savings, Credit and Corporative Societies. Despite this, Savings, Credit and Corporative Societies in Uganda showed declining financial performance. A cross sectional research design was used for the research study. The population included 69 Savings, Credit and Corporative Societies from which a sample of 59 Savings, Credit and Corporative Societies was obtained. A simple random sampling technique was used. Primary data was obtained from 51 Savings, Credit and Corporative Societies, providing a response rate of 86%.The data were collected using a self administered questionnaire with perceptions and beliefs sought to a five point Likert scale. The data obtained were analyzed using factor, correlation and regression analyses. From the analyses, it was established that, Corporate Governance has no significant effect on the financial performance of these Savings, Credit and Corporative Societies. In reference to the findings of the Study, the researcher concluded that there is no relationship between Corporate Governance and the Financial Performance.

Keywords: Corporate Governance, Financial Performance, SACCOS, Financial institutions

INTRODUCTION

There has been renewed interest in the corporate governance practices of modern corporations since 2001.This is particularly due to the high-profile collapses of a number of large corporations such as Enron Corporation and MCI Inc. (formerly WorldCom) in the United States of America; HIH and One. Tel in Australia; and Parmalat in Italy. In Uganda, the collapse of banks like Greenland bank, Uganda Corporative bank and International Credit bank was linked to poor corporate governance practices (Matama,2008).Based on these facts, it is important that Savings, Credit and Cooperative Societies(SACCOS) embrace corporate governance in order to survive in business.

Corporate governance is the system by which companies are directed and controlled (Cadbury Committee, 1992).It exists to resolve the conflict of interest between managers and shareholders which is purely a principal-agent problem arising out of separation of ownership and control (Bushman & Smith, 2003, Coase, 1937,Jensen & Meckling, 1976, Fama & Jensen, 1983, Williamson, 1985, Aghion & Bolton, 1992, Hart, 1995).

Available studies show that corporate governance has varying significance on the financial performance of an organization (Romano, Roberta, Bhagat, Sanjai & Brian, 2008; Chen & He, 2008; Chalhoub, 2009, Sueyoshi, Goto & Omi, 2010, Mehdi, 2007, Brown & Caylor 2009; Gürbüz', Aybars & Kutlu, 2010, Kumar, 2005). Corporate governance significantly affects financial performance. This can be through; lower cost of capital (Black, Jang& Kim, 2006); lower cash operating expenses (Ashbaugh, Collins, & LaFond 2004); competitiveness (Kaheeru, 2001); corporate reputation (Edelman, 2010); and resource allocation (Maher & Andersson, 1999). From the study conducted by Murphy & Poist, (1994); managerial competency is one of the rare, valuable, and difficult to imitate resources to enable firms to attain superior performance. It involves knowledge, skills, personal traits and abilities (Gatewood &Field, 1994, Kerr & Werther, 2008, MacDuffie, 1995, Batt 2002; Levine &Toyson, 1990; Ahmad & Schroeder, 2003), which are predictors of success in the job that in turn affect the firms' performance. Morishima (2006) provides a relationship between corporate governance, Managerial competency and financial performance where corporate governance influences Managerial competency through corporate management strategies that in turn influence improvement of the financial performance. Although rich empirical literature exists focusing on corporate governance and financial performance Morishima (2006), little has been done to examine corporate governance and financial performance of Savings, Credit and Corporative Societies.

According to the Fin Scope Uganda Study Report of 2007, 62% of Uganda's population had no access to financial services. The highest proportion of the un served population comes from the Eastern (Busoga inclusive) part of the country (Ministry of Finance, Planning and Economic Development -MOFPED, 2000).SACCOs were adopted by Government of Uganda as a means through which the rural Communities could access financial services (www.ucscu.co.ug). This is so because SACCOs present one of the most appropriate ways and in some places the only alternative, to serve the non served population (SNV report, 2010). In order to implement the above, the Government of Uganda initiated a new Rural Financial Services Strategy through which the Rural Finance Services program (RFSP) was "born" in order to build a strong and vibrant SACCO movement. (http://www.ucscu.co.ug/data/smenu/21). The focus of RFSP is building a SACCO movement that is financially self sustainable. Good corporate governance and managerial competency have been the focal point for building profitable and self sustaining SACCOS (http://www.rfspug.org).The purpose of this study was to establish the relationship between corporate governance and the financial performance of the SACCOS in Uganda of Uganda.

Corporate governance and financial performance

Available research studies on Corporate Governance and Financial performance indicate that firms with better corporate governance tend to enjoy lower cost of capital (Black et al.2006), lower Cash Operating Expenses (COE) (Ashbaugh, Collins, & LaFond 2004). Lower COE improves the profitability of a firm. In Piprek (2007), the main constructs of financial performance are portfolio quality and profitability.

According to Miller (2011), firms that utilize governance tools more stringently to control agency costs will command greater contracting cost advantages, leading them to specialize in business with greater managerial discretion. Owing to the fact that Managers' pursue perquisite consumption instead of maximizing shareholder wealth when they are authorized to take discretionary actions, (Williamson, 1964, Jensen, 1986 and Stulz, 1990) argue that firms should reduce free cash flow under the discretionary control of managers so that they have fewer opportunities to undertake unprofitable investments. Myers & Smith (2010) find a stronger complementary relation between board independence and pay-for-performance among managers.

Other various studies show that corporate governance has a significant effect on the financial performance of an organization (Romano, Roberta, Bhagat, Sanjai & Brian, 2008, Chen & He, 2008, Chalhoub, 2009, Sueyoshi, et al., 2010, Mehdi, 2007, Brown & Caylor, 2009, Gürbüz', Aybars & Kutlu, 2010, Kumar, 2005, Black, et al. 2006, Ashbaugh, Collins, & LaFond 2004, Kaheeru, 2001, Edelman, 2010 and Maher & Andersson, 1999).

From the above, it is clear that the relationship between corporate governance and firm performance has received considerable attention with results showing significant relationship between the two.

However, (Dallas, 2011) notes that country-specific research on emerging markets has delivered mixed results, suggesting that empirical evidence on the relationship between corporate governance indicators and firm performance in emerging markets is inconclusive.

In addition, (Ponu, 2008) results from a study on Corporate Governance Structures and the Performance of Malaysian Public Listed Companies show that there is no significant relationship between corporate governance and company performance. Similar findings were obtained from Latona (2011), where it was found out that there is no difference in performance for companies having poor and excellent corporate governance. Hence no significant relationship was found between corporate governance and financial performance.

The above results indicate an inconclusive debate on the relationship between corporate governance and financial performance.

Research design

The researcher used a cross sectional research design. Data obtained from the respondents was collected at one point in time (Olsen and George, 2004).

Study population

The study population used for this research study included 69 SACCOS. These were the operating SACCOS in Uganda that received funds from Uganda Microfinance Finance Support Centre. The list from which

Table 1. Sample Characteristics

Variable (N=51)	Description	Frequency	Percent
Designation	Accountant	3	5.9
	Manager	32	62.7
	Board member	16	31.4
Sex	Male	28	54.9
	Female	23	45.1
Education level	Certificate	1	2.0
	Diploma	34	66.7
	Degree	15	29.4
	Other	1	2.0
Years SACCO has been in operation	Over 5	1	2.0
	2-5	33	64.7
	Less than 2	17	33.3
Funds pool of the SACCO	More of shareholder capital	18	35.3
	More of debt	33	64.7
Number of Board members	Less than 5	10	19.6
	5-7	41	80.4
Number of employees	Less than 5	30	58.8
	5-10	21	41.2

Source: Primary data

this population was obtained was got from Uganda Microfinance Support Centre - Iganga Zonal office (MSC-Iganga Zonal Office, monthly report, 31st March, 2011).

Sample design

Simple random sampling technique was used to determine the study sample. Krejcie and Morgan (1970) table of sampling was used to select 59 SACCOS from a population of 69 SACCOS. One respondent was selected purposively from each SACCO. The selected respondent had to be of the legal age of >=18 years, and knowledgeable about the operations of the SACCO. In most cases, a staff member was preferred.

Data collection and analysis

Data were collected using questionnaire. The collected data were sorted, coded, entered into SPSS software and analyzed. Descriptive statistics, correlation and regression analysis methods were used to analyze the data.

Findings

Background characteristics

The background information about SACCOS in Uganda and the respondents was obtained. The results are shown in table 1. In reference to table 1 above, most of the SACCOS have been in operation between two and five years (64.7%), 2% have operated for more than five years and the rest have operated for less than two years (33.3%). Most of the SACCOS operate using more of debt than equity (64.7%) as compared to 35.3% of those operating with more equity than debt. The results also show that 19.6% of the SACCOS have less than five board members and 80.4% have five to ten board members. As regards to the number of employees, 58.8% have less than five employees and 41.2% have five to ten employees.

Concerning the individual characteristics of the respondents, majority were male (54.9%) as compared to the female (45.1%). More of the respondents were Managers (62.7%), followed by Board members (31.4%) and accountants (5.9%).This implies that the researcher obtained data from the target respondents. Regarding their education level, 66.7% had diploma, 29.4% had degree and 4% had certificate and other qualifications.

Factor analysis

In trying to understand the outstanding factors in corporate governance and managerial competence, a factor analysis was done. Factor analysis also helped in compression of the data and presents an understanding

Table 2: Factor analysis for corporate governance

	Board performance	Transparency	Board composition	
The Board commits resources to achieve the Mission of the SACCO.	.863			
The Board has regular meeting to review performance of the SACCO and guide on the way forward.	.844			
The Board is committed to the Strategic Vision and Mission of the SACCO.	.825			
The Board makes strategic decisions relating to best practices within the industry.	.821			
The Board appoints the SACCO Manager, monitors and checks to ensure that he acts in the best interest of the SACCO.	.821			
The Board regularly identifies the Strength of, opportunities available, the weaknesses and threats to the SACCO and maps a strategic direction to take.	.781			
The Board checks excesses that would promote personal interests of managers	.775			
The Board puts in place financial performance measures regarding the strategic objectives of the SACCO.	.753			
The Board cautiously supervises the work done by Management.	.746			
The Board identifies with and relates to networks that help the SACCO achieve superior financial performance	.743			
The Board ensures that there is continuity through succession planning.	.739			
The Board delegates to and rewards management for superior performance.	.734			
The Board ensures that Management puts in place all necessary controls to safeguard all SACCO resources.	.731			
The Board always operates in the best interest of shareholders.	.723			
The Board takes corrective action on adverse financial performance	.715			
There is honesty in all information the SACCO management disseminates to stakeholders.		.849		
The information provided by the SACCO to its stakeholders is complete without omitting any material facts.		.794		
All the information the SACCO management disseminates to its stakeholders is timely and relevant for decision making.		.727		
The SACCO management is open in all information it disseminates to stakeholders.		.726		
The responsibility for action is clearly indicated in the minutes arising from the proceedings of the SACCO meetings.		.724		
The SACCO management provides detailed information on its portfolio quality to its members in the shareholders meetings.		.715		
All stake holders obtain all necessary information from the SACCO to help them make informed decisions.		.714		
The board composition compares to the diversity makeup of the SACCO's employee base and maintains a diversity policy.			.898	
The Board of the SACCO provides the right mix of skills and knowledge to manage the SACCO.			.805	
Board members have expertise in Banking, Micro Finance, Accounting and Finance.			.718	
Eigen Values	14.657	8.165	5.795	
Variance (%)	28.186	15.702	11.144	
Cumulative Variance (%)	28.186	43.888	55.032	

Source: Primary data

of the quality of factor loading. The results are presented in table 2 for corporate governance.

Factor analysis for corporate governance

The results of factor analysis for corporate governance were obtained and presented in table 2. Table 2 shows that corporate governance of the SACCOS in Uganda was explained by three factors. These included Board performance, Transparency and Board composition.

The important factors to address under board performance included:- committing resources to achieve the Mission of the SACCO (.863), having regular meetings to review performance of the SACCOS and

Table 3. Correlation analysis

Variable	1	2	3
Corporate Governance (1)	1		
Financial performance (3)	.546**	.610**	1

**Correlation is significant at 1% (2 tailed)

guide on the way forward (.844), being committed to the Strategic Vision and Mission of the SACCO (.825), making strategic decisions relating to best practices within the industry (.821), appointing and monitoring the actions of the SACCO Manager to ensure that s/he acts in the best interest of the SACCO (.821), regularly identifying the Strength of, opportunities available, the weaknesses and threats to the SACCO and map a strategic direction to take (.781), check excesses that would promote personal interests of managers (.775), putting in place financial performance measures regarding the strategic objectives of the SACCO (.753), cautiously supervising the work done by Management (.746), identifying with and relating to networks that help the SACCO achieve superior financial performance (.743), ensuring that there is continuity through succession planning (.739), delegating to and rewarding management for superior performance (.734), ensuring that Management puts in place all necessary controls to safeguard all SACCO resources (.731) and operating in the best interest of shareholders (.723).

Results on transparency show that the important elements to consider include:- honesty in all information the SACCO management disseminates to stakeholders (.849), completeness without omitting any material facts of the information provided by the SACCO to its stakeholders (.794), timeliness of all the information the SACCO management disseminates to its stakeholders to make it relevant for decision making (.727),openness in all information the SACCO management disseminates to the stakeholders (.726), clearly indicating the responsibility for action in the minutes arising from the proceedings of the SACCO meetings (.724), providing detailed information on the portfolio quality of the SACCO to its members in the shareholders meetings (.715) and the need for all stake holders to obtain all necessary information from the SACCO to help them make informed decisions (.714). The important elements under Board composition included: - the board composition comparing to the diversity makeup of the SACCO's employee base and maintaining a diversity policy (.898); the Board of the SACCO providing the right mix of skills and knowledge to manage the SACCO (.805) and Board members having expertise in Banking, Micro Finance, Accounting and Finance (.718)

Relationships between the variables

In order to understand the relationship between corporate governance, managerial competency and financial performance, correlation analysis was done.

Correlation analysis

Correlation analysis helped to establish the relationship between corporate governance, managerial competence and financial performance. The results that were obtained are presented in table 3.

Source: Primary data

Relationship between corporate governance and financial performance

Lastly the correlation analysis as summarized in table 3 shows a positive relationship between corporate governance and financial performance ($r = .546$ $p<.01$) .This indicates that better corporate governance is positively associated with better financial performance of SACCOS in Uganda. Likewise, poor corporate governance is associated with poor financial performance of these SACCOS. In other words, it means that an improvement in the board performance, transparency and board composition of these SACCOS is positively associated with an improvement in their profitability and portfolio quality.

Regression analysis

In order to establish the extent to which the variance in financial performance of SACCOS in Uganda is explained by corporate governance, regression analysis was done. The results that were obtained are presented in table 4.

Results in table 4 indicate that corporate governance only explain 37% (R square= .371) of the variance in the financial performance of the SACCOS in Uganda. This implies that 63% of the variance in financial performance is explained by other factors outside the model used.

Results in table 4 indicate that the effect of corporate governance on the financial performance of the SACCOS is insignificant (Beta = .057, $p>.05$). This implies that the

Table 4. Regression analysis

	Un standardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**T**	**Sig.**
(Constant)	1.926	.256		7.500	.000
Corporate Governance	.048	.200	.057	.238	.831
Dependent Variable: Financial Performance					
R Square	.371		F Statistic	14.141	
Adjusted R Square	.345		Sig. (F Statistic)	.000	

Source: Primary data

effect of corporate governance on the financial performance of these SACCO is insignificant.

These results further indicate that the regression model was also well specified ($F = 14.141$, $P < .01$). This implies that these outcomes from the model are reliable.

DISCUSSION OF FINDINGS

Relationship between corporate governance and financial performance

The finding from this study indicates an insignificant positive relationship between corporate governance and the financial performance of SACCOS in Uganda. As such, it does not significantly matter how good the Board performance, the transparency and board composition of these SACCOS are for them to improve their financial performance. The effort that the Government of Uganda and other stakeholders put in to enhance corporate governance among these SACCOS will not significantly improve their financial performance.

This finding is contrary to the studies by Miller (2011); Ashbaugh, Collins, & LaFond (2004), Jensen (1986) and Black et al., (2006) and various studies most of which are from the developed economies which found a significant positive effect of corporate governance on financial performance.

On the other hand, the same results are in agreement with similar findings which were obtained from Latona (2011) study where it was found out that there is no difference in performance for companies having poor and excellent quality of governance. Hence no significant relationship was found between corporate governance and financial performance. This is in agreement with results in Ponu (2008) which show that there is no significant relationship between corporate governance structures and company performance.

As such, the researcher agrees with the finding from Dallas (2011) which is to the effect that country-specific research on emerging markets concerning corporate governance and financial performance delivers mixed results. Thus suggesting that empirical evidence on the relationship between corporate governance indicators and firm performance in emerging markets is inconclusive.

CONCLUSION AND RECOMMENDATION

Corporate governance has no significant relationship with the financial performance of SACCOS in Uganda. As such, the effort to build strong corporate governance among these SACCOS must be in line with strengthening their managerial competency. Therefore the found constructs from this study of board performance, transparency and board composition should be strengthened in bid to support the strength of managerial competency among these SACCOS.

Further studies should be done to establish the factors that explain 63% of the variance in the financial performance of SACCOS in Uganda. This is because it is important that all the factors affecting the financial performance of these SACCOS are addressed together in order to improve their financial performance.

REFERENCES

Achieving Prosperity for All through SACCOS: Rural Financial Services Strategy. www.rfspug.org

Adams RB, Mehran H (2005). Corporate Performance, Board Structure and its Determinants in the Banking Industry. Working Paper. EFA 2005 Moscow Meetings

Aghion PB (1992). An Incomplete contracts Approach to Financial Contracting. Review of Economic Studies 59: 473-94.

Agrawal A, Knoeber CR (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. Journal of Financial and Quantitative Analysis, 31: 377—397.

Ahmad S, Schroeder RG. (2003).The impact of human resource management practices on operational performance: recognizing country and industry differences. Journal of Operations Management, 21: 19-43.

Amihud Y, Lev B (1981). Risk reduction as a managerial motive for conglomerate mergers. Bell Journal of Economics, 12(2): 605-617.

Arthur JB (1994).Effects of human resource systems on manufacturing performance and turnover. International Academy of Management Journal, 37: 670–687.

Ashbaugh-Skaife H, Collins DW, LaFond R (2006). The Effects of Corporate Governance on firms' Credit Ratings. Journal of Accounting and Economics, 42 (1-2): 2003-2043.

Augustine (2012). Good practice in Corporate Governance: Transparency, trust and performance in microfinance industry. Business society 2012 51:659

Ball R (2001). Infrastructure Requirements for an Economically System of Public Financial Reporting and Disclosure. Brookings- Wharton papers on Financial Services. Washington DC: Brookings Institution Press, 2001:127-83

Banerji K, Sambharya RD (1996). Vertical Kerietsu: An international market entry: The case of the Japanese automobile ancillary industry. Journal of International Business Studies, 27: 89-114.

Batt R (2002).Managing customer services: Human resource practices, quit rates, and sales growth', International Academy of Management Journal, 45:587-597.

Bhagat S, Black BS (2000). Board Independence and Long-Term Firm Performance. Working Paper, University of Colorado.

Black BS, Jang H, Kim W (2006). Does Corporate Governance Predict Firm's Market Value: Evidence from Korea. Journal of Law, Economics, and Organization, 22 (2), Fall.

BREFI Group (2011). Improving Board Performance. http://www.brefigroup.co.uk/directors/corporate_governance.html

Brown DL, Caylor MC (2009). Corporate Governance and Firm Operating Performance. Review of Quantitative Finance and Accounting, 32(2): 129–144.

Bushman RM, Smith AJ (2003). Transparency, Financial Accounting Information, and Corporate Governance. FRBNY Economic Policy Review / April 2003

Casement A (2008). Ethical governance. British Journal of Psychotherapy, 24, 407-428. Centre for the Study of Financial Innovations. Microfinance Banana Skins Survey. London, UK

Cetin AT (2010). The effects of human resource, marketing and manufacturing, performance on financial performance, Journal of Global Strategic Management | 07 | 2010, June

Chalhoub MS (2009). Relations between Dimensions of Corporate Governance and Corporate Performance: An Empirical Study among Banks in the Lebanon. International Journal of Management, 26(3): 476

Chen J, Chen D, He P (2008). Corporate Governance, Control Type, and performance: The NewZealand Story. Corporate Ownership & Control, 5(2): 24-35

Chtourou SM, Courteau L (2001).Corporate Governance and Earnings Management. http://SSRN.com/abstract=275053, 5 January 2003.

Coase R (1937). The Nature of the Firm." Economica 4(386): 357-76.

Coles JW, McWilliams VB, Sen N (2001). An examination of the relationship of governance mechanism to performance. Journal of Management, 27: 23 – 50

Conger JA, Finegold D, Lawler III EE (1998)."Appraising Boardroom performance";Harvard Business Review; January 1998; http://hbr.org/1998/01/appraising- boardroom-performance/ar/1

Cresswell JW (1994).Research Design: Qualitative & Quantitative Approaches. London: SAGE Publications, 1994.

Dallas G (2011). Corporate governance in emerging markets. The Harvard law school forum on corporate governance and financial regulation.

http://blogs.law.harvard.edu/corpgov/2011/08/24/corporate-governance-in-emerging-markets/

Darline A (2012). Performance in the Microfinance Industry, Good Practice in Corporate Governance: Transparency, Trust, and performance in the microfinance industry, Business Society 2012 51: 659.

Delaney JT, Huselid MA (1996). 'The impact of human resource management practices on perceptions of organizational performance. Academy of Management Journal, 39, (4):949.

Ehikioya IB (2007). Corporate governance structure and firm performance in developing economies: evidence from Nigeria. 9(3): 231-243

Eisenhardt KM (1989). Agency theory: An assessment and review. Academy of Management Review, 14(1): 57-74.

Eriku J (2010). Government moves to recover loans from SACCOS. http://microfinanceafrica.net/news/

Fama E, Jensen M (1983). Separation of Ownership and Control. Journal of Law and Economics 26: 301-25.

Final report -Governance mentoring programme-Mbarara region (2005).Chemonics International

Frooman J (1999). Stakeholder influence strategies. Academy of Management Review, 24: 191- 205

George D, Mallery P (2003). SPSS for Windows step by step: A simple guide and reference. 11.0 update (4th Ed.). Boston: Allyn & Bacon

Gliem JA, Gliem RR (2003). Calculating, interpreting, and reporting Cronbach's Alpha Reliability Coefficient for Likert-Type Scales. 2003 Midwest Research to Practice Conference in Adult, Continuing, and Community Education.

Hart O, Moore J (1995). Debt and Seniority: An Analysis of the Role of Hard Claims in constraining Management. American Economic Review, American Economic Association, 85(3), 567-85.

He J, Mahoney JT (2006). Firm Capability, Corporate Governance, and Firm Competitive Behavior: A Multi–Theoretic Framework.

Hebb T (2006). The economic inefficiency of secrecy: Pension fund investors' corporate transparency concerns. Journal of Business Ethics, 63, 385-405.

Heffes EM (2007). Have the New Rules Improved Boards? Financial Executive May 2007:.30-35.

Heidrick, Struggles (2011). Board Performance - The behavioural challenge. European Corporate Governance Report 2011.

Hermalin BE, Weisbach MS (1991).The Effects of Board Composition and Direct Incentives on Firm Performance. Financial Management 20(4):101-112.

Hutchinson Gul FA (2004). Investment opportunity set, corporate governance practices and firm performance. Journal of Corporate Finance, 10(4): 595-614.

Jensen M (1986). Agency Costs of Free Cash Flow, Corporate Finance, and takeovers. American Economic Review, 76: 323-329.

Jensen M, Meckling W (1976).Theory of the Firm: Managerial Behavior, Agency Costs, and Ownership Structure." Journal of Financial Economics, 3(4): 305-60.

Judge WQJ, Zeithaml CP (1992). Institutional and strategic choice perspectives on board involvement in the strategic decision process. Academy of Management Journal, 35(4):766-794.

Kagire JRK, Munene JC (2007). Engineering Lecturers' Competencies and Organizational Citizenship Behavior (OCB) at Kyambogo University. Journal of European Industrial Training, 31(9), 706-726.

Kaheeru V (2001) Institute of Corporate Governance of Uganda, Manual.

Kairu P (2009). Saccos Struggling with Poor Governance. The Daily Monitor Newspaper, 31 December, 2009, http://www.dailymonitor.co.ug

Keel J (2006). Toolkit, glossary State of Texas State Classification, Available at:

Kerr J, Werther W (2008). The next frontier in corporate governance: Engaging the board in strategy. Organizational Dynamics, 37(2), 112-124.

Khurana R (2011).Searching for a corporate savior: the irrational quest for charismatic CEOS. Princeton University Press, 2011. ISBN0691120390, 9780691120393

Kiel C, Nicholson GJ (2003)."Board Composition and Corporate Performance: how the Australian experience informs contrasting theories of corporate governance"; Corporate Governance: An International Review Volume 11, Issue 3

Klein A, (1998). Firm Performance and Board Committee Structure. Journal of Law and Economics ,41:275-299.

Korac-KN, Kakabadse AK, Kouzmin A (2001). Board governance and company performance: any correlations? Corporate Governance, 1: 24-30

Krejcie RV, Morgan DW (1970). Determining Sample Size for Research Activities. Educational and Psychological Measurement.

Kumar J (2005). Corporate Governance Mechanisms and Firm Financing in India proceedings of the International Conference on Emerging Securities Market: Challenges and Prospects, The Securities Exchange Board of India (SEBI) and the ICFAI University, Mumbai. http://ideas.repec.org/p/wpa/wuwpfi/0502003.html#download

Lamport MJ, Latona MN, Seetanah B, Sannassee RV (2011) Relationship between Corporate Governance and Firm Performance: Evidence from a sample of Top 100 Mauritian Companies. Cambridge Business & Economics Conference. ISBN : 9780974211428

Levine D, Toyson LD (1990). Participation, productivity, and the firm's environment. In A.S. Blinder (Ed.), Paying for productivity: 183-244. Washington, DC: Brookings Institution.

MacDuffie JP (1995). Human resource bundles and manufacturing performance: Organizational Logic and flexible production systems in the World Auto Industry. International Industrial and Labor Relations Review, 48:197-221.

Myers Smith C (2010).Compensation and Board Structure: Evidence from the Insurance Industry. Journal of Risk and Insurance, (77): 297-327.

Mehdi IK (2007).Empirical Evidence on Corporate Governance and Corporate Performance in Tunisia. Corporate Governance, 15(6): 1429-1441.

Miller SM (2011). Managerial discretion and corporate governance in publicly traded firms: evidence from the property–liability insurance industry. The Journal of Risk and Insurance,78 (3):731-760

Morishima M, Miyamoto M, Fujimoto M (2006).Transforming Human Resource Management and Governance/Corporate Strategies. JILPT Research report no.33

Mulondo E, Kulabako F (2010).Government launches rural communication strategy. http://microfinanceafrica.net/news/

Ndulu J, Riany A, Kabbucho K (2007). An Assessment of the Capacity Gaps in the work and Functions of Accountants and Auditors of Ugandan SACCOS. DFID Financial Sector deepening Project Uganda Final Report.

Nicholson GJ, Kiel GC (2007). Can directors impact performance: A case based test of three theories of corporate governance. Corporate Governance: An International Review, 15: 585-608.

OECD Principles of Corporate Governance (1999 updated in 2004).

Olsen C, St. George DMM (2004). Cross-Sectional Study Design and Data analysis.College Entrance Examination Board. http//www.collegeboard.com.

Piprek G (2007). Linking with Savings and Credit Cooperatives (SACCOs) to expand financial access in rural areas: a case study of CRDB Bank in Tanzania. http://www.ruralfinance.org/fileadmin/templates/rflc/documents/1188984200805_CRDB_Tanzania.pdf

Ponnu CH (2008). Corporate Governance Structures and the Performance of Malaysian Public Listed Companies. International Review of Business Research Papers Vol. 4 No.2 March 2008 Pp.217-230

Romano R, Sanjai B, rian B (2008).The Promise and Peril of Corporate Governance indices. Faculty Scholarship Series, Paper 1920.

Rossouw GJ (2005). Business ethics and corporate governance in Africa. Business & Society,

Sandeep AP, George SD (2002).Transparency and Disclosure: Overview of Methodology and Study Results - United States. http://ssrn.com/abstract=422800

Stulz R (1990). Managerial Discretion and Optimal Financing Policies. Journal of Financial Economics, 26: 3-28.

Sueyoshi T, Goto M, Omi Y (2010). Corporate Governance and Firm Performance: Evidence from Japanese Manufacturing Industries after the Lost Decade. European Journal of Operational Research, 203(3): 724–736.

Topak MS (2011). The Effect of Board Size on Firm Performance: Evidence from Turkey. Middle Eastern Finance and Economics ISSN: 1450-2889, Issue 14 (2011)

The Cadbury report (1992).Report of the committee o n the financial aspect s of corporate governance. Burgess science press, ISBN 0 85258 913 1

Tull DS, Hawkins DI (1993). Marketing research :Measurement and method : a text with cases (6th edition .). Newyork: Macmillan. ISBN 0024219320.

Tusiime I, Nkundabanyanga SK, Nkote IN (2011). Corporate governance: Ownership structure, board structure and performance of public sector entities. Journal of Public Administration and Policy Research , 3(9): 250-260.

Van den BLAA, Levrau A (2004). Evaluating boards of directors: What constitutes good corporate board? Corporate Governance: An International Review, 12: 461-478

Veres JG, Locklear TS, Sims RR (1990). Job analysis in practice: A brief review of the role of job analysis in human resources management. In G. R. Ferris, K. M. Rowland, & R. M. Buckley (Eds.), Human resource management: Perspectives and issues: 79-103. Boston: Allyn & Bacon.

Weber J (2006). Discussion of the Effects of Corporate Governance on Firms' Credit Ratings .Journal of Accounting and Economics, 42 (1-2): 245-254.

Williamson O (1964). The Economics of Discretionary Behavior: Managerial Objectives in a Theory of the Firm. Englewood Cliffs, NJ: Prentice Hall

Xie B, Davidson WN, Dadalt PJ (2003). Earnings management and corporate governance: The roles of the board and the audit committee. Journal of Corporate Finance, (9):295-316.

Yermack D (1996). Higher market valuation of companies with a small board of directors. Journal of Financial Economics, 40: 185-211.

How to cite this article: Ndiwalana G., Ssekakubo J. and Lwanga F. (2014). Corporate governance and the financial performance of savings, credit and corporative societies. Int. Res. J. Arts Soc. Sci. 3(3):75-82