THE ROLE OF CORPORATE GOVERNANCE IN THE FINANCIAL PERFORMANCE

CASE STUDY OF STANBIC BANK UGANDA-KAMPALA

HEAD OFFICE

BY

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A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION IN THE COLLEGE OF ECONOMIC AND MANAGEMENT SCEINCE IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF BACHELOR IN BUSINESS ADMINSTRATION OF KAMPALA INTERNATIONAL UNIVERSITY.

SEPTEMBER, 2014

DECLARATION

I hereby declare that this Research is Original and has never been submitted to any other University for any academic award.

Sign .... Date 18-Sept-2014

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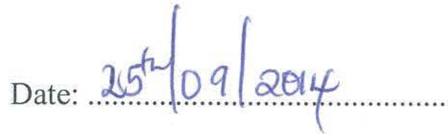
APPROVAL

This research report by KHALID ABDULLAHI has been under my supervision and is now ready for submission to the College of Economic and Management Science of the Kampala International University.

Sign: .... Date:  ....

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SUPERVISOR

DEDICATION

This work is dedicated to my parents Fatuma Abukar Mohamed and Abdullahi Jama Awale with much love, for any effort and sacrifice they provided throughout my academic life and career development.

I also wish to dedicate this important academic document to the entire Abdullahi family most especially my brother Omar, Hamsa and sisters Safiya, Najma, Nafisa, Hafsa because I strongly hold the view that my success is their pride.

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ABSTRACT

The purpose of the study was to establish the role of corporate governance in financial performance of Stanbic bank basing on the following objectives, to establish the corporate governance practices used in Stanbic bank to establish factors related to corporate governance affecting financial performance of the bank and to establish the relationship between corporate governance and financial performance of the bank.

A cross-sectional research design was used in the study. The sample was selected basing on the Krejcia and Morgan (1970) assertion that, a sample size of 100 was used comprising of 25 management employees. Primary data was collected by the use of questionnaire and secondary data was collected from text books, journals, and business publications. These were being obtained from libraries and from the internet. Data collect from the primary survey was complied, sort, edit, classified, coded into a coding sheet and analyzed using SPSS. Descriptive statistics was used to describe the data.

finding reveal that Stanbic bank practices corporate governance. This is evidenced in the principles of disclosure, trust and transparency which were found to highly consider and implement. A significant relationship was found between corporate governance and financial performance with a spearman's coefficient of 0.515 hence showing that corporate governance has a positive impact on financial performance in Stanbic bank.

it was concluded that corporate governance practices of transparency, trust, and disclosure are significant determinants of the level of financial performance in the banking sector.

it was recommended that the bank needs to maintain clear communication channels open to all staff for easy access the disclose information not only by the staff also among the staff themselves. The most affected information should be financial-wise. High level transparency should be encouraged and promoted in the bank.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter covers the background to the study, statement of the problem, research objectives, research question, scope of the study, significance of the study and the report structure.

1.1 Backgrounds to the study.

Stanbic bank in Uganda is part of one of Africa's leading banking and financial services group, Stanbic bank . Standard Bank, based in Johannesburg, South Africa, has total assets of about US$81 billion and employs about 35000 people worldwide. Its network spans 17 sun-Saharan countries (including South Africa) and extends to 21 countries on other continents, including the key financial centres of Europe the United States and Asia.

Brief History of Stanbic Bank Uganda the bank was established in Uganda as the National Bank Of India in 1906, which after several name changes become Grindlays Bank. When the Stanbic Bank Group bought the Grindlays' network in Africa it also, in October 1993, re-established a connection with Uganda.

Today the concept of corporate governance has received increased attention because of high-profile scandals involving abuse of the corporate power and, in some cases, alleged criminal activity by corporate officers (Mackey and O'Hara, 2003). An integral part of an effective corporate governance regime includes provisions for civil or criminal prosecution of individuals who conduct unethical or illegal acts in the name of the enterprise (Levine, 2003). The term can refer to internal factors defined by the officers, stakeholders or constitution of a corporation, as well as to external forces such as consumer groups, clients and government regulations.

The need for corporate governance in banks has special attention because their managers have a fiduciary duty to (more risk averse) depositors as well as shareholders and thus a solution to the "principal-agent problem" aimed at maximizing shareholder value is inappropriate (Bank of England, 2003). Shareholders value can be maximize when the financial performance of the bank is doing well.

Standard Bank Group views the implementation of corporate governance practises as integral to its operations. The group is committed to the principles of the Code of Corporate Practices and Conduct (King Code) and complied with the King Code during the period under review. The board of directors is committed to the ongoing implementation of initiatives to improve corporate governance for the benefit of all stakeholders. All group operations are subject to an effective governance framework.

This provides direction for subsidiary entities, which structure their respective governance frameworks according to group standards.

Furthermore, at international level this framework enables our directors to balance their responsibility to provide oversight with their role as providers of strategic counsel, thereby achieving a proper balance between conformance and performance in a bank context, financial performance is measured in terms of capital adequacy, asset quality, management, earning and liquidity (Cruickshank, 2000)

In Uganda, the factors responsible for poor corporate performance especially in banks emanate from lack of transparency, accountability and poor ethical conduct which is related to corporate governance (Kibirango, 1999). All such incompetence however can be attributed to the lack of proper supporting institutions and human resources that are critical to sound corporate governance. The challenge for Stanbic bank therefore is to adopt systems of corporate governance that conform to their own structures and implementation capacities, public and private to create a culture of enforcement and compliance.

On the other hand, some officials in Stanbic bank embezzled millions of money from Stanbic bank which led to their suspension and other imprisoned due to the discovered financial irregularities within the bank (Mukasa, 2010). All these unfortunate events, in Stanbic bank has prompted the researcher to investigate the role of corporate governance in financial performance of Stanbic bank.

1.2 Statement of the problem

there is a general consensus that upholding corporate governance principles in banks and other organizations improve the financial performance and results in protection of stakeholders interest. Therefore, an effort to develop good corporate governance is derived from the need to improve financial performance. However, in Stanbic bank this is not the case as management of the bank on several occasions have acted in disrespect of the interest

of their shareholders, for example in 2008 the bank had a tune of 246 millions loaned to insiders of which 120 millions turned out as a bad debt. This reduces the profitability performance of bank (Stanbic bank report, 2009)

This can most probably be attributed to the lack of substantial sanctions to punish the culprits that opt to violate these guidelines. This situation requires immediate attention as it has a potential to result into failure of the bank to operate. This means loss of jobs to those employed in and it can deny financial services to the public.

1.3 General objective

The general objective of the study is to establish the role of corporate governance in financial performance of the Stanbic bank.

1.4 Specific objectives of the study

The study will be guided by the following research objectives

i) To establish the corporate governance practices used in Stanbic bank.

ii) To establish factors related to corporate governance affecting financial performance in Stanbic bank.

iii) To establish the relationship between corporate governance and financial performance of Stanbic bank.

1.5 Research questions

This study intended to answer the following questions

i) What are the corporate governance practices used in Stanbic bank?

ii) What are the factors related to corporate governance affecting financial performance in Stanbic bank?

iii) What is the relationship between corporate governance and financial performance of Stanbic bank?

1.6 Scope of the study

This study was confined to geographical scope, content scope and time scope.

Geographical scope

The study was conducted at Stanbic bank (U) main branch in Kampala city.

Content scope

The subject scope of this study was confined to the corporate governance practices in Stanbic bank, factors related to corporate governance affecting financial performance of the bank, the relationship between corporate governance and financial performance of the bank.

Time scope

The time scope of the study used 5 years time 2009 to 2014.

1.7 Significance of the study

This study helped the management of the Stanbic bank in Uganda in knowing the best way of improving corporate governance so as to improve their financial performance.

Further, the study provided a basis for research by serving as a source of material for further studies in related areas of study.

Lastly the study provided baseline information to other organization in trying to appreciate the issues surrounding corporate governance in the organizations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter looks at corporate governance practices used in Stanbic bank, factors related to corporate governance affecting financial performance of the bank, measures of financial performance, and the relationship between the two variables.

2.1 Corporate governance practices of Stanbic bank

Corporate governance refers to the manner in which the power of a corporation is exercised in the stewardship of the corporation's total portfolio of assets and resources with the objective of maintaining and increasing shareholders value with the satisfaction of other stakeholders in the context of its corporate mission. The committee on the financial aspects of corporate governance defines corporate governance as the system by which companies are directed and controlled.

corporate governance is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance. It is also about how to build trust and sustain confidence among the various interest groups that make up an organization. Indeed the outcome of a survey by Mckinney in collaboration with the World Bank in June 2000 attested to the strong link between corporate governance and stakeholder confidence (Mark 2000).

Given that a study was carried out on the extent to which board composition affects team processes (orientation communication feedbacks, coordination, leadership and monitoring), board effectiveness and performance of the selected financial institutions in Uganda (Rosette, 2008)' the research picked three basic tenets of corporate governance; Transparency, disclosure and trust in relation to commercial bank financial performance in Uganda, these tenets fall under the accounting field. The constructing/ tenets are reviewed in the following sections.

2.1.1 The principle of transparency

Transparency is integral to corporate governance, higher transparency reduces the information asymmetry between a firm's management and financial stakeholder's (equity and bondholders), mitigating the agency problem in corporate governance (Sandeep A. Patel 2002). In Uganda lack of transparency is attributed to the closures of commercial banks.

Bank transparency: The concept of bank transparency is board in scope, it refers to the quality and quantity of the public information on a bank's risk profile and to the timing of its disclosure, including the banks past and current decisions and actions as its plans for the future. The transparency of the banking sectors as a whole also includes public information on bank regulations and on safety net operations of the central bank Weak transparency makes banks assets risk opaque. Stock market participants including professional analysis suck as Moody's encounter difficulties in measuring banks credit worthiness and risk exposures (Ponon, firth and Fung, 1997, Morgan 1998 and Jordan, Peek, Rosengren (1998), Ball (2001) argues that timely incorporation of economic losses in the published financial statements (that is, conservatism) increases the effectiveness of corporate governance, compensation systems, and debt agreements in motivating and monitoring manager. For instance, improved governance can manifest in a reduction of the private benefits that manager can extract from the company or in a reduction of the legal and auditing costs that shareholder must bear to prevent managerial opportunism.

Governance research in accounting exploits the role of accounting information as a source of credible information variables that support the existence of enforceable contracts, such as compensation contracts, such as compensation contracts with payoffs to managers contingent on realized measures of performance, the monitoring of managers by boards of directors and outside investors and regulators and the exercise of investor rights granted by existence securities laws. There are a number of issues to consider in this regard. First the existence of a strong financial accounting regime is likely a precondition for the existence of a vibrant stock market and in its absence the notions of equity-based pay and diffuse ownership of firms become moot.

Dangers of transparency: This theory identifies potential adverse consequences of public information. For example the early release of information can destroy risk sharing opportunities (Hirshleifer, 1971; Marshall, 1974); signalling of private information can results in over investment or other misallocations of capital (Spence, 1973).

An institutional variable used to measure corporate transparency comprises financial accounting disclosures of major stakeholders, timelines of disclosures, information dissemination and completeness of information. Robert and Abbie (2003) concur with BPS especially on institutional transparency, they outline the transparency dimensions as; completeness of financial information, release of information, timelines and means of dissemination.

2.1.2 The principle of disclosure

Given the recent corporate scandal (US Based; Enron, WorldCom...(Heidi and Marleen (2003) and (Japheth Kato 2001) restoring public trust is at the top of the agenda of today's business leaders. Greater information provision (disclosure) on the company's capital and control structures- can be an important means to achieve this goal. High quality and relevant information is crucial for exercise of governance powers. Full disclosure seeks to avoid financial statements fraud. prior studies have concentrated on disclosure of items such as management earnings forecasts or interim earnings (Leftish and Zimmerman 1981), or have examined a very general disclosure index of financial and or non-financial items (Chow and Wong-Borren, 1987). The Clear rates annual reports on the inclusion or omission of about 90 (rather traditional and mandatory financial) items from the following categories; general information income statement, balance sheet, funds flow statement, accounting standards, stock data and special items.

Voluntary disclosure Information disclosure to capital markets is based on and revolves around accounting based financial information. However, evidence indicates that the usefulness of financial information has been deteriorating during the past 20 years (Lev and Zarowin, 1998). In a paper summarizing the key ideas of accounting information models and discussing the implications of these for corporate disclosure management and research Heal, P and Palepu, K.G (1993) concluded that managers can improve their communication with investors by developing disclosure strategies.

Dangers of voluntary disclosure the most common arguments against disclosure from a managerial perspective are fear of giving away sensitive information to competitors and

procurement of extra costs for collecting and disclosing the information, however, it is worth noting that as competition continues to bite, the "basket of secret" information tends to reduce.

Financial disclosure, which is a key component of the newly proposed Basel capital accord, is reviewed in the following paragraphs. In April 2003, the Basel committee on banking supervision (BCBS, 2003), A headquarter at the bank for international settlements in Switzerland, released the new Basel capital accord, which replaced the 1988 capital accord with an attempt to set regulatory capital requirements that are comparable across countries. This purpose of pillar three is to complement the other pillars by presenting an enhanced set of public disclosure requirements focusing on capital adequacy. This pillar is examined in more detail than the first 2 pillars given that disclosure represents one of the key variables in the scope of this study.

Details of pillars three Berger and Mester, (2007) revealed that pillar three addresses the issue of improving market discipline through effective public disclosure. Specifically it presents a set of disclosure requirements that should improve market participants' ability to assess banks' capital structures, exposures, management processes and hence their overall capital adequacy. They proposed to disclosure requirements consist of qualitative and quantitative information in three general areas: corporate structure, capital structure and adequacy and management. Corporate structure refers to how a banking group is organized; for example, what is the top corporate entity of the group and how are its subsidiaries consolidated for accounting and regulatory purposes. Capital structure corresponds to how much capital is held and in what forms, such as common stock. The disclosure requirements for capital adequacy focus on a summary discussion of the bank's approach to assessing its current and future capital adequacy.

2.1.3 The principle of trust

Trust means many things. Everyone knows intuitively what is trust; yet articulating a precise definition is not a simple matter (Wayne & Megan 2002). Trust is difficult to define because it is so complex, in fact, Hosmer LT (1995) has observed. "There appears to be widespread agreement on the importance of trust in human conduct, but unfortunately there also appears to be an equally widespread lack of agreement on a suitable definition of the construct". This is a multifaceted construct, which may have different bases on phases depending on the context; it is also a dynamic construct that can change over the course of a relationship (Wayne and Megan, 2008).

Facets of trust: There are at least four facets of trust that can be gleaned from the literature on trust (Hoy and Tschannen-moran, 1999). Benevolence, reliability competence, honesty and openness are all elements of trust (Wayne & Megan 2008).

Benevolence perhaps the most common facet of trust is a sense of benevolence-confidence that one's well being or something one cares about will be protected and not harmed by the trusted party.

Reliability: At its most basic level trust has to do with predictability that is; consistency of behaviour and knowing what to expect from others in and of itself, however, predictability is insufficient for trust. We can expect a person to be invariably late, consistently malicious, inauthentic or dishonest when our well-being is diminished or damaged in a predictable way, expectations may be met, but the sense in which we trust the other person or group is weak.

Competence: good intentions are not always enough when a person is dependent on another but some level of skill is involved in fulfilling an expectation an individual who means well may nonetheless not be trusted (Bairer as 1986; butler & Cantrell, 1984; Mishra, 1996). Competence is the ability to perform as expected and according to standards appropriate to task at hand, many organizational task rely on competence.

Honesty: honesty is the person's character, integrity and authenticity define trust as "the expectancy that the world, promise, verbal or written statement of another individual or group can be relied upon" statements are truthful when they confirm to "what really happened" from that perspective and when commitments made about future action are kept. A correspondence between a person's statements and deeds demonstrates integrity.

Openness: openness is the extent to which relevant information is shared; it is process by which individuals make themselves vulnerable to others, the information shared be strictly about organizational matters or it may be personal information, but it is a giving of oneself (Butler & Cantrell, 1984, Mishara, 1996) such openness signals reciprocal trust a confidence that neither the information nor the individual will be exploited and recipients can feel the same confidence in return. Individuals who are unwilling to extend trust through openness end up isolated (Kramer, Brewer & Hanna, 1996). In Uganda, as in many other countries, there is a rooted distrust in most of the public sector this may also be the case for the private sector in which the commercial banks fall.

2.2 The factors related to corporate governance affecting financial performance in Stanbic bank.

According to Lidgerwood (1998), financial performance is a subjective measure of how well a firm can use assets from primary mode of business and generate revenues. This term is also used as general measure of a firm over all financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are several factors that affect financial performance of the business or organization. In the banks context financial performance is affected by its loan management practices.

The determinants of banks financial performance have long been major focus of banking research in many countries around the world. The literature classifies the determinants of financial performance as internal and external (Buckley,1997). Internal determinants concern banks specific characteristics and include measures like bank size, asset quality, capital ratios, liquidity and operational efficiency. External determinants are not related to bank management, but reflect financial industry (Concentration, financial market development and banking sector development).

2.2.1 Selection of an entrepreneur

Selection of the right entrepreneur is one of the major factors affect financial performance of commercial banks and other financial institutions (Burger, 1989). He identifies, two major criterions namely the intention to reply and the capacity to repay and these should be dealt

with in credit evaluation. The entrepreneurs who have the willingness, capabilities, qualities and the requisite expertise for successfully setting up and running an industrial unit, should be identified with proper prudence and judiciousness. This is the best way of safe guarding the investment of a financial institution, thereby ensuring proper and timely repayment. According to Buckley (1997), unbiased survey reports of the site and the surveyor must verify capability of the entrepreneur. In other words the credit worthiness of the entrepreneur as well as the project should undergo very careful scrutiny before the sanctioning of the loan. Strict measures and security should take before sanctioning of the loan.

2.2.2 Inadequate follow up measures.

Follow up measures taken regularly and systematically kept the borrowing unit under constant vigil of the financial institution. Normally, such close follow-up programs are conspicuous by their absence. In the result, the borrowing units not only ignore payment of their dues to financial institutions but also often tread on wrong tracks, much to the detriment of their own financial health and that of the financial institutions. Note that performance of the borrowing units, if carefully and systematically monitored through regular inspections by scrutiny of returns, annual balance sheet and inspection of site can be significantly improved. Naturally, such inspections prevent the borrowers from deviating from terms and conditions of the loan. It also stops the entrepreneurs from diverting any find for purposes other than those earnings in the sanction letter and keeps the financial health of the units good order.

2.2.3 Management and loan given to credit officer

Poor management, poor accounting and costing systems, poor internal controls, poor policies and procedures, employees dishonestly, poor debt management and failure to recognize key business risks and mitigates. Loan defaults are caused by members which are not worthy, high interest rates, loan officer's incompetency; loans committee just rushes through the loan application forms during the approval process and mind less about necessary details. Loans officer loads are high hence has little time for proper loan appraisal, loan monitoring and follow up. Some borrowers are patronizing, they bribe their way through to get loans. Poor loan documentation process which borrowers have taken an advantage. Members are not knowledgeable about loan terms they take loans blindly.

Franklin, Manfred and Alexander (2006) argue that although group lending joint liability have been practiced for nearly four decades, the unwillingness to repay loans remains the

single major cause of default. Group lending methodology has been widely acclaimed as one o f the method that has helped the poor to obtain loans without security.

The security is their group guarantees (social collateral) and in case of default, they cannot be punished beyond denying them the future loan. However, their views are not applicable in Uganda as groups have been to court and punished. Stieglitz argues that the group lending methodology helps members to monitor each other's investment decisions and reduces the cost of monitoring the loans. hence reducing the cost of lending institution. However, in Uganda, many findings show that stylize may not have been necessarily right, as groups without close monitoring by the loans officers tend to go bad. The situation in Uganda tends to be like that as described by Diagne Aliou (2000) who argues that peer monitoring in the groups may not necessarily lead to loan repayment in the group because the main cause of default mat be unwillingness to pay.

2.3 Measures of financial performance

Performance may refer to the development of the share price, profitability or the present valuation of a company (Melvin and Hirt 2005). The performance gives extremely greater impact on a firm in determining the health level, either a positive or negative level. Bank performance as discussed below.

2.3.1 Liquidity

Black and A. Rachinsky (2006) asserted that liquidity in banking is very difficult to measure because a bank's liquidity position changes daily. Thus by the time the bank's financial data are processed, the ratios may not represent its current position. However, one must measure liquidity in the best possible way because it is the lack of liquidity, which may bring about the closing of the bank if financial problems become known.

Two ratios are shown under the liquidity heading. The ratio of TI- VL/A.ASTA measures liquidity assets minus volatile liabilities divided by average assets, which gives the net liquidity position relative to the bank's size (Clark, Cull and Shirley, 2005). The ratio will vary considerably by the size of bank, with smaller banks having higher ratios on the average than larger banks. The ratio of LNS/AST stands for total loans to average assets. Generally speaking the major banks are loaned up, the less likely they are able to meet unforeseen deposit withdrawals.

2.3.2 Asset quality

According to Clarke, Cull and Shirley (2005) banks generally fail because of bad loans. For this reason, the ratio of nonperforming assets to capital should be reviewed, especially in relation to the banks current and future earnings position. Banks having a none performing assets ratio to capital approaching 100 percent or greater and negative earnings are likely to be struggling for survival. When evaluation asset quality, one should compare the ratio of CHARGEOFFS/ASSETS to the ratio of LOSS RSRV/ASTS (loan-loss reserve ratio). Under normal conditions, the loan-loss reserve ratio should be around the 1.25 percent level. If the level of nonperforming assets or the level of charge-offs is above normal, the loan-loss reserve ratio should be higher to cover future losses.

2.3.3 Capital

Weiss (2004) revealed that in measuring capital, one should focus on the leverage ratio (basically equity capital-to assets). This ratio should be six percent or higher for large banks and eight percent or higher for smaller banks. Important to a bank's capital position is a strong and steady growth in earnings with a low divide payout ratio. This allows earnings to be retained for capital.

2.3.4 Earnings

The most important earnings ratios are those that represent the bottom-line of the income statement, mainly the ratio of income on a tax equivalent basis to assets (Durnev and Kim, 2005). A return on capital ratio may be misleading because banks can increase the ratio through higher leveraging. Analysis of bank earnings should begin with the net interest income ratio, which has been adjusted for tax equivalency. Higher this ratio the better, especially in relationship to other peer banks. The interest income, net interest income and pre-tax income ratios should all be evaluated on a tax equivalent basis, which adds back to the income more important to banks in recent years because the deregulation of interest rates has narrowed net interest margins and has caused banks to rely more on fee income.

The overhead ratio should be looked at with caution because a bank's cost will vary by its type of operation (Clarke, Cull and Shirley, 2005). Retail consumer-oriented banks with a large branch network should have higher overhead costs and higher margins than banks specializing in wholesale banking. The ratio of provisions to the loan-loss reserve should also be evaluated in relation to the banks margins.

According to Stiglitze (1990) higher provisions generally mean there are loan problems. However, further evaluation should be made by looking at the ratio of nonperforming loans to assets and at the bank's net interest margins. Sometimes higher risks can be offers by higher returns, but careful analysis should be made before making such a deduction. The pre-tax income ratio (put on a tax equivalent basis) allows one to evaluate the banks overall earnings strength without the effects of extraordinary items or tax credits (Durney and Kim, 2005). From the previously mentioned discussion, it is felt that, the main purpose of using this tool is to examine the validity and the reliability of financial ratios in an international comparison. The relationship between international accounting practices and the comparability of financial ratios will be considered. The outcome is to find out which financial ratio are the most appropriate tools in the international context, i.e. when comparing companies operating in different countries.

2.4 The between corporate governance and financial performance relationship of banks

The relationship between corporate governance and financial performances derived from the fact that corporate governance is a relationship between shareholders, board of directors and managers (top management) in shaping the direction of the company in order to achieve a sustainable performance (Weiss, 2004). Corporate governance consists of external corporate governance and internal corporate governance that serve public's interest, employees interest and owners interest.

Many empirical studies have documented a positive and significant relationship between corporate governance and firm performance (Chen et al 2008; Chalhoud 2009; Sueyoshi et al 2010; Mehdi 2007; brown and Caulor 2009). Other then these empirical works, survey have been conducted by various organization to evaluate the relationship between the two issues corporate governance and financial performance.

A study performed by credit Lyonnais Securities Asia (CLSA) in 2002 indicates the existence of the positive link between good governance and indicator of financial performance on almost 500 developing economy companies. In a prior study conducted in 2001, CLSA generated an index for 495 firms from 25 emerging markets to find out their corporate governance rankings.

Another striking and more recent research was performed by the association of British insurers (ABI) in 2008. The aim of that study was to address the two main questions of whether good governance enhances operating performance and whether good governance

creates value for the UK listed companies, that study utilized a total of 654 companies with 2007 firm-year observations during the period between 2004 and 2007. The results were positive in terms of the relationship between the governance system of the firm and its performance.

Corporate governance establishes relationship shareholders, board of directors and the top management in determining the direction and performance of the corporation (Wheelen and Hunger 2006). It also includes the relationship among the many players involved (the stake holders) and the goals for which the corporation is governed. The principal players are the shareholder, management and the board of directors. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large. Ruin (2001) stated that corporate governance as a group of people getting together as one united body with task and responsibility to direct, control and rule-with authority.

On a collective effort, this body is empowered to regulate, determine, restrain, curb and exercise the authority giving to it. However, corporate governance describes the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Shleifer and Vishny 1997) argued that corporate governance is the way in which suppliers of finance to corporation ensure themselves getting a return on their investments. Nonetheless, Melvin and Hirt (2005) described the concept of corporate governance as referring to corporate decision-making and control, particularly the structure of the board and its working procedures. It is also sometimes used vary widely, embracing a company's relation with a wide range of stakeholders or very narrowly referring to a company's compliance with the provisions of best practice codes.

In addition, Thomas (2002) described corporate governance in the ways and means by which the governance of a company (the directors) is responsible to its electorate (the shareholder). Corporate governance can also be stated as the set rules and procedures that ensure that managers do indeed employ the principles of value based management (Brigham and Ehrhardt, 2005). On the other hand, low (2003) defines corporate exercise control over corporate inside and management in such a way that their interests are protected. Nevertheless, corporate governance companies a countries private and public institutions, both formal and informal which together govern the relationship between the people who

manage corporations (corporate insiders) and all others who invest resources in corporations in the country (Oman et al, 2003).

The main focus on the relationship between governance and performance. There are several reasons to expect that better governed banks may have more efficient operations and better performance. First, governance may reduce the incidence and amounts of related-parties transactions and other "self-dealing" practices. Since such transactions are usually sub-optimal from the efficiency point of view, the reduction in such transactions should translate into improved performance. Second, better governed banks may have lower cost of capital, especially if they employ subordinated debt financing. Third, better governance may translate into more efficient and streamlined operations, as the supervisory board and management from functions are separated and modernize.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the framework for data collection and analysis of the study. It covers the research design, sample design, study population, sample size, source of data, research instruments and limitations of the study.

3.1 Research design

A cross-sectional research design was used in this study; this has been used because the study required examining the role of corporate governance in financial performance of Stanbic bank main branch. In the same branch the researcher focused on the management and other employees in the loan department. Cross section research was combined with analytical research design because the researcher has involved in analyzing issues surrounding financial performance of Stanbic bank.

3.2 Study population

The target population for this study constituted employees of Stanbic bank main branch employees at management level and loan department employees. This population has been selected because the study was focusing on the role of corporate governance in financial performance of Stanbic bank.

3.3 Sample size and frame

From a total population of Stanbic bank main branch a sample of 100 respondents were selected. The size of this sample was selected basing on the Krejcie and Morgan (1970) assertion, that a sample size of 100 respondents is considered an adequate sample for any research. A summary of these is shown in below

Table 1: Showing respondents Distribution

Respondents type	Sample size
Management employees	25
Other department employees	75
Total	100

3.4 Sample methodology and procedure

The study focused on the above mentioned population, from which a sample of 100 respondents were selected different sample methods have been used to different types of respondent. For employees at management level purposive sampling method and loan employee's simple random sampling methods were used.

3.5 Data sources

Data sources were both secondary and primary

Primary sources

This was first hand information the researcher collected using the primary data collecting instruments.

Secondary sources

Secondary data sources comprised of text books, journals and business publications.

These were obtained from libraries and from the internet.

3.6 Data collection instruments

Information for this study was collected using self administered questionnaires. The instrument that shall be used to conduct with the respondents to acquire information for this study will be:-

Self administered questionnaires

A self administered questionnaire was used to gather information from respondents in the proposed sample. The reason for opting for this instrument is because, it will simple to administer and gives respondent time to think about what they answer.

3.7 Reliability and validity

The questionnaire was first test using content validity index, and reliability of the information generated by the instruments with was assessed using cronbach's alpha co-efficient.

3.8 Measurements of variables

The variables in this study are two, corporate governance and financial performance. Since financial performance of the bank depends on the way management up holds the principles of good corporate government is the independent variables. The two variable are measured using a five point linker scale ranging from strongly agree to strongly disagree.

3.9 Data analysis and presentation

Data collected from the primary survey was compiled, sorted, edited, classified, coded into a coding sheet and analyzed using SPSS. Descriptive statistics was used to describe the data.

CHAPTER FOUR

PRESENTATIONS AND ANALYSIS OF FINDINGS

4.0 Introduction

In this chapter, a presentation and analysis of finding as obtained from the primary data was made. Analysis was done descriptively and inferential statistics were presented showing the mean and standard deviation.

4.1 Socio demographic characteristics of respondents

In this section, a presentation of the demographic characteristics is made. The characteristics include gender, age, highest education level attained and the duration the respondents had spent working with the bank.

Table 2: gender of the respondent

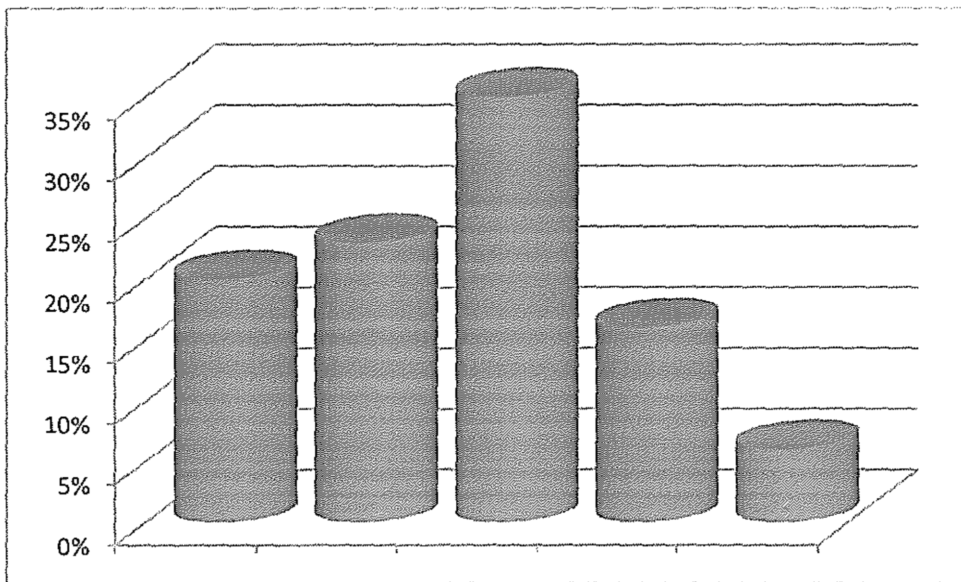
Gender	Frequency	Percent	Valid percent	Cumulative percent
Male	51.0	51.0	51.0	51.0
Female	49	49.0	49.0	100.0
Total	100	100.0	100.0	

Source: primary data

The gender distribution of the respondents was 51% representing males and 49% representing females. This implies that at least both the male and females had almost an equal chance to be part of the study hence considerate views were obtained.

Figure 4: Age of the respondent

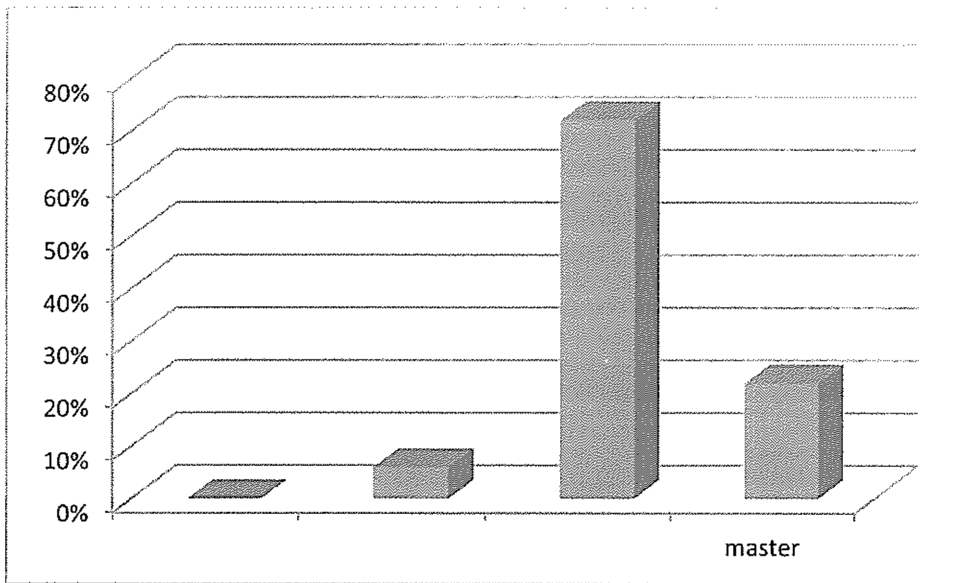
Age	percentage
below 20	20%
21-30	23%
31-40	35%
41-50	16%
51-60	6%



Source: primary data

The figure above shows that majority of the respondents (35%) were between 31 and 40 years. 23% of them were between 21 and 30 years with at least 20% below 20 years. Additionally, 16% of them were between 41 and 50 years while 6% were more than 51 years old. The finding indicate that the bank has relatively young people of less than 40 years of age as employees.

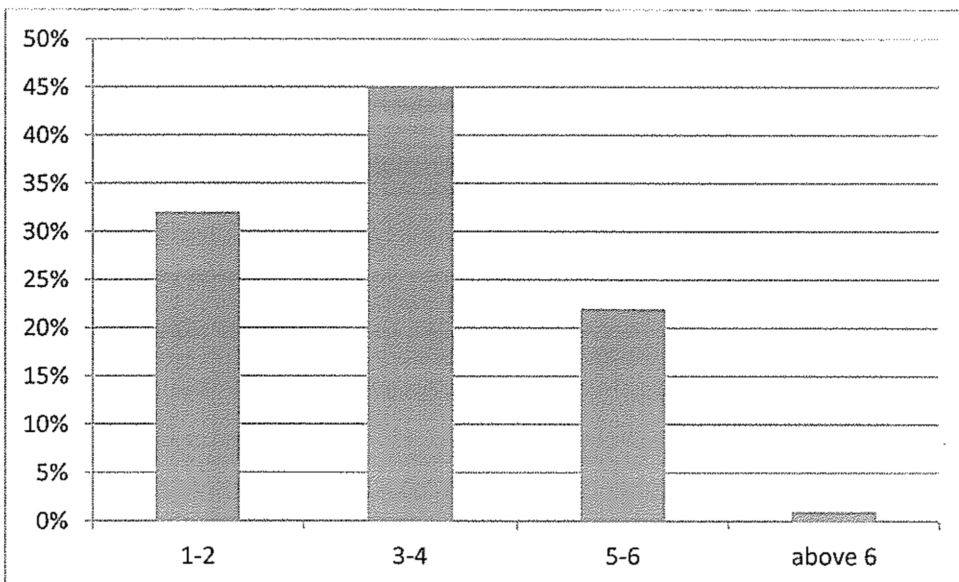
Figure 5: Highest level of education



Source: primary data

It was found that majority of the respondents were degree holders (72%) with at least 22% going as far as attaining a master degree. Addition attained. The findings indicate that the bank employees qualified people who are able to provide quality services to the people.

Figure 6: Duration in Stanbic bank Uganda ltd



Source: primary data

Majority of the respondents (45%) were found to have spent between 3 and 4 years with the bank, 32% had spent less than 2 years serving with the bank while 22% were found to have

worked at the bank for close to 6 years. Only 1% was found to have worked for more than 6 years. This means that the bank policy is relatively friendly as it gives them an opportunity to work for up to 6 years.

4.2 The corporate governance practices used in Stanbic bank

This section entails a presentation an description of findings on corporate governance practices used in Stanbic bank. This formed the first objective of the study seeking to understand the extent to which corporate governance is implemented in the bank which would later on be used to measure financial performance.

Table 3: Findings on principle of disclosure

Item	NUMBER	Minimum	Maximum	Mean	Std. deviation
The disclosed information in Stanbic is detailed	100	1	5	3.86	943
The disclosed information within Stanbic bank is accurate and timely	100	1	5	3.89	984
There are internal rules within Stanbic bank that should be abided by in disclosure statement	100	2	5	4.09	818
Financial statements and other information sources are normally availed to the interested parties in Stanbic bank	100	2	5	4.30	916
The bank policy stipulates how the document with information should be formatted and how often it should be updated	100	2	5	3.94	897
Valid N (list wise)	100				

Source: primary data

The table above indicates that most items had a mean above 3.50 meaning that the respondents agreed to the statements following the 5-point linker scale. It was found that disclosed information was always detailed (mean= 3.86), accurate and timely (mean= 3.89),

and there were internal rules to guide the disclosure statements (mean= 4.090). the study also noted that the financial statements and any other information sources were normally availed to the interested parties (mean= 4.30) as well as the bank policy stipulating clearly how the documents with information should be formatted and updated (mean= 3.94).

Therefore, the implication is that the principles of disclosure were being implemented in Stanbic bank.

Table 4: Findings on principle of trust

Item	Number	Minimum	Maximum	Mean	Std. Deviation
Management controls within Stanbic bank leads the stakeholders to trust the actions of manager	100	2	5	4.03	948
Competence of management is a prerequisite for the process of trust building in Stanbic bank Consistent communication creates a trust within Stanbic bank . Lack of genuine concern for others within Stanbic bank slow down the trusting process	100	1	5	3.93	1.057
Results and past performance of Stanbic creates trust in the bank's clients	100	3	5	4.04	695
Valid N (list wise)	100	1	5	3.09	1.422
	100	3	5	4.10	718
	100				

Source: primary data

Findings in the table above shows almost all the items had a mean above 3.50 except for 1 item that is; lack of genuine concern for others within Stanbic bank slows down the trusting process (mean= 3.09). on the other hand, management controls were found to lead

stakeholders to trust the actions of managers (mean= 4.03), competence of management was found to be a prerequisite for the process of trust building (mean= 3.93),consistence communication was also found to create trust (mean= 4.04), and results and past performance was also found to create trust among bank clients (mean= 4.10). Therefore, the principle of trust was demonstrated in Stanbic bank hence asserting that corporate governance existed.

Table 5: Findings on the principle of transparency.

Item	Number	Minimum	Maximum	Mean	Std. deviation
Annual reports in Stanbic are disclosed in a true and fair manner	100	1	5	5.00	5.794
Stanbic financial statements are prepared in accordance with applicable standards of publication	100	2	4	4.03	674
The financial statements disclosed within Stanbic bank highlights all materials risks	100	3	5	5.68	510
Financial statements produced in Stanbic disclosed and explain the rationale for all material estimated	100	3	4	4.32	680
Publication of statements in Stanbic show manner of compliance with the reporting guidelines	100	2	4	4.16	647
Valid n(listwise)	100				

Source: primary data

It also discovered that the principle of transparency existed in Stanbic bank. All the items had a mean above 3.50. It was discovered that annual reports were disclosed in a true and fair manner (mean= 5.00), the financial statements were prepared in accordance with applicable

standards of publication (mean= 40.03), while the financial statements disclosed were found to highlight material risks (mean= 4.68). It was also discovered that financial statements produces disclosed and explained the rationale for all material estimates (mean= 4.32) and any publication of statements showed the manner of compliance with the reporting guidelines (mean= 4.16). Therefore, it means that the principle of transparency existed in Stanbic bank hence indicating the practice of corporate governance.

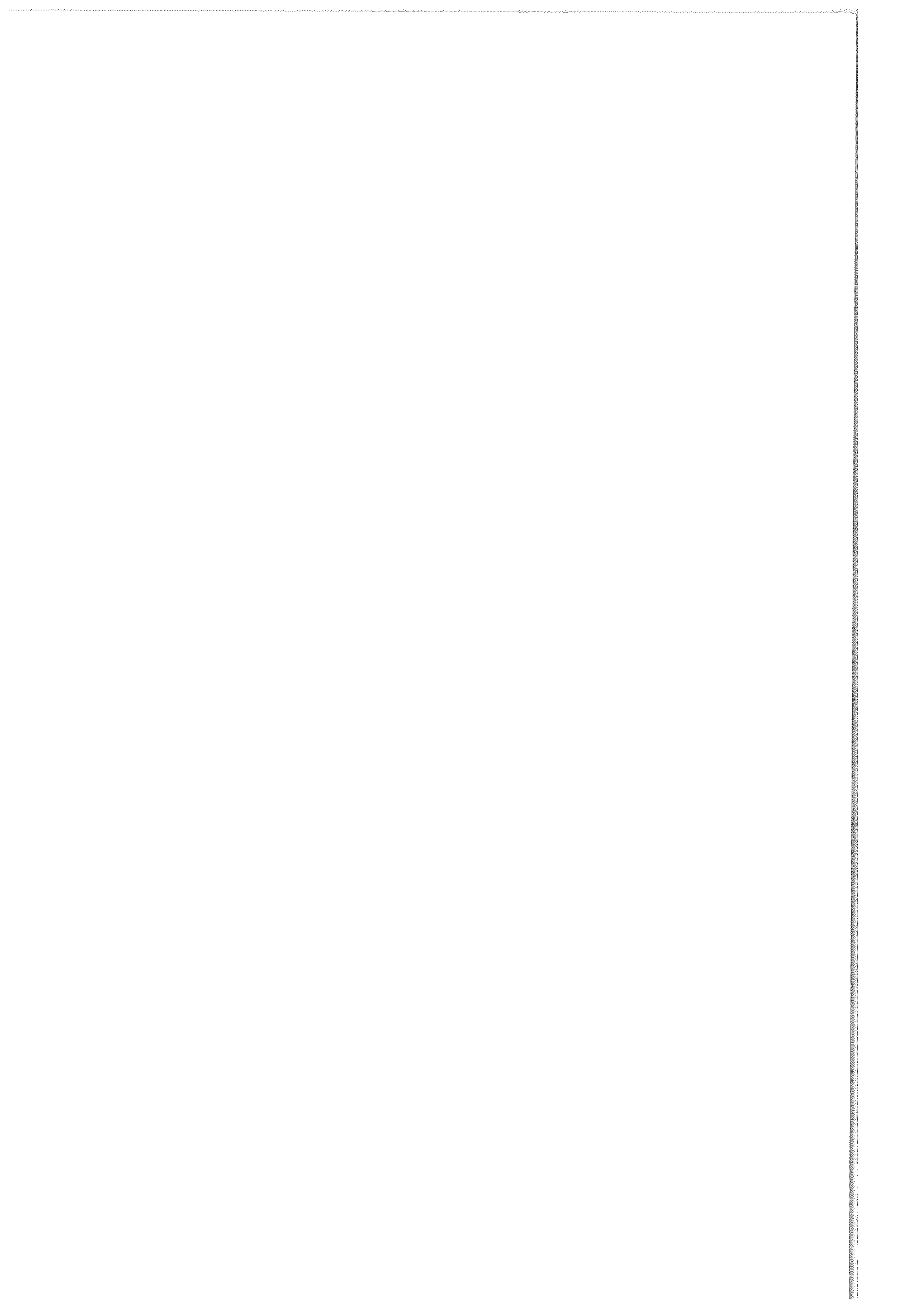
4.3 Factors related to corporate governance affecting financial performance in Stanbic bank

The study investigated the factors related to corporate governance affecting financial performance in Stanbic bank. This was to establish the extent to which financial performance has been achieved in the bank as the descriptive statistics show below.

Table 6: Management factors which affect financial performance in Stanbic bank

Item	Number	Minimum	Maximum	Mean	Std. deviation
Inadequate organization affect financial performance of the bank	100	1	5	3.74	991
Inadequate planning affect the financial performance of the bank	100	2	5	3.82	821
Motivation as a function of management affect the financial performance of the bank	100	3	4	4.28	587
Directing as a function of management affect the financial performance of the bank	100	3	5	4.08	706
Staffing in the bank affect the financial performance of the bank	100	2	4	4.27	802
Valid N(listwise)	100				

Source: primary data



Among the management factors which affect financial performance in Stanbic bank include adequate organizing (mean= 3.74), planning (mean= 3.82). Motivation of employees (mean= 4.28) and directing as a function of management (mean= 4.08). It was further revealed that staffing in the bank also affect financial performance (mean= 4.27). Therefore, it can be stated that various management factors account for variations in financial performance in Stanbic bank.

Table 7: Employee factors which affect financial performance in Stanbic bank

Item	Number	Minimum	Maximum	Mean	Std. deviation
The level of employee skills and knowledge affect the financial performance of the bank	100	2	5	3.97	822
Employee character affect the financial performance of the bank	100	3	5	4.27	633
Attitude of the employee affect the financial performance of the bank	100	2	5	3.72	.712
The working environment affect the financial performance of the bank	100	3	5	4.04	.680
Job security in the bank affect the financial performance of the bank	100	1	5	419	.787
Valid N (listwise)	100				

Source: primary data

The study further investigate whether employees factors were important in determining financial performance in Stanbic bank. It was discovered that the level of employee skills and knowledge affect financial performance (mean= 3.97), that employees characters were responsible for variation in financial performance (mean= 4.27) and the attitude of the

employees was also impacting on financial performance (mean=3.72). The study further discovered that the working environment accoutred for differences in financial performance with most responsible agreeing (mean= 4.04) just like job security in the bank (mean= 4.19). Therefore, the employees factors like skills and knowledge, attitude and character had an impact on financial performance in Stanbic bank.

Table 8: Level of competition factors affecting financial performance

Item	Number	Minimum	Maximum	Mean	Std. deviation
Competition practices in the industry affects financial performance of the bank	100	3	5	4.28	.637
Price volatility in the banking industry affect the financial performance of the bank	100	2	5	4.04	.602
National policy on competition affect financial performance of the bank	100	2	4	3.34	.572
Competition increase the expenses in the banking industry thus affecting the financial of the bank	100	2	5	4.17	.911
Valid N 9 listwise	100				

Source: primary data

From the table above, the study found that factors related to level of competition also affected financial performance in Stanbic bank. Among these included; competition practice in the industry (mean= 4.28), price volatility in the banking industry (mean= 4.04) and competition increasing the expenses in the banking industry 9 mean=4.170. Only one factor did not measure level of competition that is; national policy on competition (mean=3.34) were respondents were not sure. Therefore, it could be asserted that the level of competition affects financial performance in Stanbic bank.

Table 9: Credit analysis factors which affect financial performance

Item	Number	**Minimum**	**Maximum**	**Mean**	**Std.deviation**
Credit risk management affect financial performance of the bank	100	2	5	4.04	.85
The collateral pledge against loan from Stanbic affects its financial performance	100	1	5	3.69	.918
The levels of loan recovery impacts a lot on financial performance in the bank	100	3	5	4.44	.608
Valid N (listwise)	100				

Source: primary data

Credit analysis factors were found to have an effect on financial performance. It was note that credit risk management (9mean=4.04). The collateral pledge against loans (mean=3.69) and the levels of loan recovery (mean=4.44) all of which affected financial performance in Stanbic bank. Therefore, this means that credit analysis factors are key factors in determining financial performance.

4.4 Measures of financial performance

The study investigates the measures of financial performance in Stanbic bank. Among such included profitability, liquidity and return on assets. The descriptive statistics below best explain how these factors relate to financial performance.

Table 10: Profitability as a measure of financial performance

Item	Number	Minimum	Maximum	Mean	Std. deviation
Profitability ratios are the most important ratios in financial analysis to company investors	100	3	5	4.42	.535
Profitability measured both for assets valued at cost basis and at market	100	3	5	4.35	.657
Profitability ratios shows a bank's overall efficiency and performance	100	1	5	4.07	.891
Profitability ratios that show margins represent the firm's ability to transact sales dollars into profits at various stages	100	3	5	4.27	.679
Valid N (listwise)	100				

Source: primary data

The study found that profitability was a measure of financial performance. This was true when profitability ratios were to be the most important ratios in financial analysis to company investors (mean=4.42). Additionally, profitability measured both the assets valued at cost basis and at market (mean=4.35), the profitability ratios were found to show a bank's overall efficiency and performance (mean=4.07) and that profitability ratios were found to show margins representing the firm's ability to transact sales dollars into profits at various stages (mean=4.27).

Table 11: Liquidity as a measure of financial performance

Item	Number	Minimum	Maximum	Mean	Std.deviation
The bank's ability to meet its obligation is a measure of financial performance	100	3	5	4.48	.577
Meeting the current obligation by the bank can be used to measure the financial soundness of the bank	100	2	5	4.16	.775
Cash availability is crucial to financial performance of the bank	100	3	5	4.23	.679
Liquidity of the bank determines the level of the profits it can make thus a measure of financial performance	100	3	5	4.39	.567
Valid N (listwise)	100				

Source: primary data

Findings in the table above shows that liquidity was measure of financial performance. The respondents agreed to all items in the table above to indicate liquidity as a measure. Among the items, the bank's ability to meet its obligations (mean= 4.48), meeting the current obligations by bank (mean=4.16) and cash availability (mean=4,23) were found to be indicators of liquidity, additionally, the responses show that liquidity of the bank determine the level of profits thereby using it as a measure of financial performance (mean=4.39). From the above findings, it can be stated that liquidity is a measure of financial performance.

Table 12: Return on asset measures of financial performance

Item	Number	Minimum	Maximum	Mean	Std. deviation
The assets invested in determines degree of soundness of the bank	100	3	5	4.27	.633
Asset policies in the bank can be used to measure the banks level of soundness	100	3	5	4.26	.691
Earnings is a measure of financial performance within Stanbic bank	100	3	5	4.25	.672
Financial performance is measured from the ability of the bank to generate returns from its assets	100	3	5	4.10	.674
Valid N (listwise)	100				

Source: primary data

The study found that return on assets constituted one of the measures of financial performance. In this, it was found that assets invested in determined the degree of soundness of the bank (mean=4.27), that asset policies which measured level of soundness (mean=4.26) and earnings (mean=4.25) were all indicators of return on assets which made it a measure of financial performance in the bank.

4.5 Relationship between corporate governance and financial performance of the Stanbic bank

Found a positive relationship between corporate governance practices and financial performance in Stanbic bank. This was done using the Pearson correlation coefficient method as the extract below illustrates.

Table 13: correlation

		Financial performance	Corporate governance
Financial performance	Pearson Correlation	1	.515(**)
	Sig.(2-tailed)	.	.000
	N	100	100
Corporate governance	Pearson Correlation	.515(**)	1
	Sig.(2-tailed)	.000	.
	N	100	100

** correlation is significant at the 0.01 level (2-taled).

A significant positive high correlation was found to exist between financial performance and corporate governance practices. The relationship was significant given $r=0.515$ ($p=0.000<0.01$).

CHAPTER FIVE

DISCUSSION, SUMMARYY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents a discussion of findings, provides a summary of the findings, draws conclusions from the finds and ends by presenting recommendation.

5.1 Discussion of findings

5.1.1 The corporate governance practices used in Stanbic bank

The study found that corporate governance practices existed in Stanbic bank. The practices were exhibited in the form of principles among which included; the disclosure, trust and transparency.

It was revealed that information disclosed in Stanbic bank was detailed. This finding is consistent with Beasley and Beasley et al (2010) who reported that full disclosure was important in the exercise of governance powers. The findings also supplement previous studies like the one done by John et al (2007) and levy and penman (2007) who did not find any significant information linking disclosure is such an important factor for good governance to be achieved in institutions hence making the two studies to agree to each other.

The study also found a link between the principle of trust and corporate governance in Stanbic bank. There were management controls which built stakeholders confidence and trust in manager's actions; the management was competent enough to built trust as well as the existence of consistent communication. This finding is consistent with Wayne and Megan (2002) definition of the facets of trust. They argued that trust manifests in kindness, reliability, competence, honesty and openness in communication all of which were found to exist in Stanbic bank. Hoy and coppersmith (1985) also maintained that with trust, people are able to build confidence that's one's well being is protected and not harmed by the trusted party in which case the employees of Stanbic bank are trusted by the stakeholders.

An important principle of corporate governance that was found to exist in Stanbic bank was transparency. This was manifested in cases of disclosure in fair and true manner the annual reports, the preparation of financial statements in accordance with applicable standards and production of financial statements disclosed and explaining the rationale for all material estimates. The findings are consistent with Enock et in 2006 and Roentgens 2008 argument

the transparency reduces risk exposure in the financial statements. Ball (2008) also maintains that publishing financial statements increases the effectiveness of corporate governance. Similarly, Robert and cabbie (2008) reported that transparency entailed financial accounting disclosure, information dissemination and completeness of information all of which were found to be practiced in Stanbic bank. The implication is that the bank had good practices of corporate governance which would ensure improved financial performance.

5.1.2 Factors related to corporate governance affecting financial performance of Stanbic bank

It was revealed that various factors determined financial performance in banks particularly Stanbic. The most notable were management issues like adequate organizing, adequate planning and motivation of employees and the directing function of management This finding was in support of Lidgerwood (2007) and burger (2006) assertion that management is a critical player as regards finance in any organization. When management is well organized, carries out proper planning and stimulates employee's commitment, it is indirectly fostering improved performance in its finance.

Black and rachis (2006) reported about liquidity as a measure of financial performance in banking. This was also revealed in this study in which liquidity manifested in the bank having the ability to meet its current obligations with enough cash available to be given to customers at all times. The liquidity aspect is important in the banking industry as it determines whether a bank may continue to operate or close especially when financial problems are experienced.

5.2 Summary of findings

It was found that disclosed information was always detailed, accurate and timely and there were internal rules to guide the disclosure statements. The study also noted that the financial statements and any other information sources were normally availed to the interested parties as well as the bank policy stipulating clearly how the documents with information should be formatted and updated.

Management controls were found to lead stakeholders to trust the actions of managers competence of management was found to be a prerequisite for the process of trust building, consistence communication was also found to create trust and results and past performance was also found to create trust among bank clients.

It was discovered the annual reports were disclosed in a true and fair manner the financial statements were prepared in accordance with applicable standards of publication, while the financial statements disclose were found to highlight all material risk.

It was discovered that financial statements produced disclosed and explained the rationale for all material estimates and any publication of statements showed the manner of compliance with the reporting guidelines.

Adequate organizing, planning, motivation of employees and directing as functions of management all were found to constitute management factors of corporate governance. It was further revealed that staffing in the bank also affected financial performance.

It was discovered that the level of employee's skills and knowledge affected financial performance that employee characters were responsible for variation in financial performance and the attitude of the employees was also impacting on financial performance. The study further discovered that the working environment accoutred for differences in financial performance with most respondents agreeing like job security in the bank.

Level of competition also affected the financial performance in Stanbic bank. Among these include; competition practices in the industry, price volatility in the banking industry and competition increasing the expenses in the banking industry.

This was true when profitability ratios were found to be the most important ratios in financial analysis to company investors. Additionally, profitability measured both the assets valued at cost basis and at market, the profitability ratios were found to show banks overall efficiency and performance and that profitability ratios were found to show margins representing the firm's ability to transact sales dollar into profit at various stages. Among the items, the bank's ability to meet its obligations, meeting the current obligations by the bank and cash availability was found to be indicators of liquidity. Additionally, the response that liquidity of the bank determined the level of profits thereby using it as a measure of financial performance. A significant positive high correlation was found to exist between financial performance and corporate governance practices.

5.3 Conclusions

It can thus be concluded that corporate governance practices of Stanbic bank. This is evidenced in the principles of disclosure, trust and transparency which were found to be highly considered and implemented, it is the implementation of such principles that financial performance was bound to improve.

It is also concluded that Stanbic bank demonstrates high commitment towards ensuring higher financial performances. The management had tried to be organized, carry out adequate planning and foster motivation of employees. The profitability levels were equally important in predicting financial performance just like liquidity and returns on assets.

Lastly the relationship between corporate governance practices of transparency, trust and disclosure are significant determinants of levels of financial performance in the banking sector.

5.4 Recommendations

The study makes the following recommendations:

1) The bank needs to maintain clear communication channels open to all staff easy access the disclose information not only by the staff but also among the staff themselves. The most affected information should be financial-wise.

2) High level transparency should be encouraged and promoted in the bank. All staff of the needs to be compelled to ensure that they carry out their work honestly and openly while maintaining customer information with secrecy.

3) More efforts need to be focused on ensuring that all employees are trustworthy. This could be done through training and continuous professional training among the staff.

4) Employees also need to be well motivated by the management not only through pay but also through non-monetary terms which would build employees satisfaction and commitment.

5) The bank should always carry out credit analysis so as to establish the extent to which projected loses may be mitigated not to cause huge financial loses.

5.5 Suggested areas for further research

There is need to conduct more research in the following areas;

1) Effect of credit risk management on financial performance.

2) Impact of corporate governance on profitability of banks.

3) Competition practices and financial performance of banks.

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APPENDIX 1

QUESTIONAIRE FORM

Dear respondent

Dear respondent the researcher is a student of Kampala International University. The researcher is conducting an academic research study under the topic "(**The role of corporate governance in financial performance of Stanbic bank A case Stanbic bank main branch).** You have been selected to be one of the respondents to this study. You are humbly requested to participate in this study by filling in this questionnaire. All the answers that you will provide shall be treated with the confidently it deserves and will be used for only academic purposes.

SECTION A: BIO DATA

1. Gender of the respondents?

		Tick best options
1	Male	
2	Female	

2. Age of respondents?

		Tick best options
1	20 years and below	
2	21-30	
3	31-40	
4	41-50	
5	51 and above	

3. Highest education level attained.

	Option	**Tick best options**
1	PHD	
2	Masters	
3	Degree	
4	Diploma	
5	Certificate	
6	Below certificate	

4. How long have you been in Stanbic bank Uganda limited?

	Option	**Tick best options**
1	1-2	
2	3-4	
3	5-6	
4	Above 6	

Note: the following abbreviations are used in the questionnaire sections that follow SD= strong disagree, DA= disagree, U= uncertain, SA= strongly agree and A= agree.

Section B (the corporate governance practices)

The principle of disclosure

	Statement	SA	A	U	DA	SD
1	The disclosed information in Stanbic bank is detailed					
2	The disclosed information within Stanbic bank is accurate and timely					
3	There are internal rules within Stanbic bank that should be abided by in disclosure statements provided to clients or customers.					
4	The financial statements and other information sources are normally availed to the interested parties in Stanbic bank.					
5	The bank's policy stipulates how the documents with information should be formatted and how often the document should be update.					

The principle of transparency

	Statement	SA	A	U	DA	SD
1	Annual reports in Stanbic are disclosed in a true and fair manner					
2	Stanbic financial statements are prepared in accordance with applicable standards of publication					
3	The financial statements disclosed within Stanbic bank highlights all material risk					
4	The financial statements produced in Stanbic disclosed and explain the rationale for all material estimates					
5	The publication of statements in Stanbic shows manner of competence with the reporting guidelines					

The principle of trust

	Statements	SA	A	U	DA	SD
1	Management controls within Stanbic bank leads the Stakeholders to trust the actions of managers					
2	Competence of management is a prerequisite for the process of trust building in Stanbic bank					
3	Consistent communication creates a trust within Stanbic bank					
4	Lack of genuine concern for others within Stanbic bank slow down the trust in process					
5	Results and past performance of Stanbic creates trust in the bank's clients					

Section C (factors effecting financial performance)

	Statements	SA	A	U	DA	SD
1	The level of employees skills and knowledge affect financial performance of the bank					
2	Employees character affect financial performance of the bank					
3	Attitude of the employees affect the financial performance of the bank					
4	The working environment affect the financial performance of the bank					
5	Job security in the bank affect the financial performance of the bank					

Employee's factors

	Statements	SA	A	U	DA	SD
1	The level of employees skills and knowledge affect financial performance of the bank					
2	Employees character affect financial performance of the bank					
3	Attitude of the employees affect the financial performance of the bank					
4	The working environment affect the financial performance of the bank					
5	Job security in the affect the financial performance of the bank					

Level of competition factor

	Statements	SA	A	U	DA	SD
1	Competition practices in industry affect financial performance of the bank					
2	Prices volatility in the banking industry affect the financial performance of the bank					
3	National policy on competition affects financial performance of the bank.					
4	Competition increases the expenses in the banking industry thus affecting the financial performance of the bank					

Credit analysis factor

	Statement	SA	A	U	DA	SD
1	Credit risk management affects the financial performance of the bank					
2	The collateral pledge against loans form Stanbic bank affect its financial performance					
3	The levels of loan recovery impacts a lot on financial performance					

Section D (Measures of financial performance

Profitability

	Statements	SA	A	U	DA	SD
1	Profitability ratios are the most important ratios in financial analysis to company investors					
2	Profitability is measured both for assets valued at cost basis and at market					
3	Profitability ratios show a banks overall efficiency and performance					
4	Profitability ratios that show margins represent the firm's ability to translate sales dollars into profits at various stages of measurement in bank					

Liquidity

	Statements	SA	A	U	DA	SD
1	The bank's ability to meet its obligations is a measure of financial performance					
2	Meeting the current obligations by the bank can be used to measure the financial soundness of the bank					
3	Cash availability is crucial to financial performance of the bank					
4	Liquidity of the bank determines the level of profits it can make thus a measure of financial performance					
5	The bank's policy stipulates how the documents with information should be formatted and how often the document should be update.					