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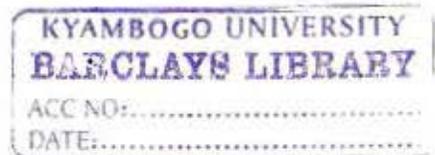
GOVERNANCE AND THE PERFORMANCE OF CORPORATIONS IN UGANDA

A CASE OF NATIONAL WATER & SEWERAGE CORPORATION

BY

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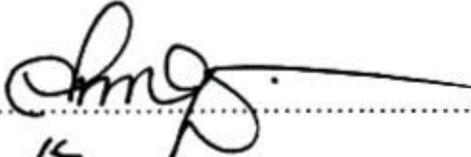


**A RESEARCH REPORT SUBMITTED TO THE GRADUATE SCHOOL IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF MASTER'S OF SCIENCE DEGREE IN
ORGANISATION AND PUBLIC POLICY MANAGEMENT
OF KYAMBOGO UNIVERSITY**

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DECLARATION

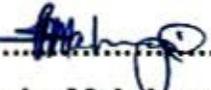
I, Nasawali Peter declare that this dissertation is my original work and that it has not been presented in any other University for a similar or any other degree.

Signature: 

Date: 26th - 12 - 2014.

APPROVAL

This is to certify that this dissertation has been submitted in fulfillment of the requirements for the award of the degree of Masters of Science in Organizations and Public Policy Management with my approval as University Supervisor.

Signed .....
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Kyambogo University

Date 30/12/2014.....

Signed .....
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Date 29/12/2014.....

DEDICATION

This work is dedicated to those who helped me carry out this research and to the almighty God for the wisdom and gift of life that has made me realize and see the conclusion of this book. To all scholars with research interest in risk management, I believe they will find this work interesting contributing to new knowledge.

This dissertation is dedicated to my wife Mrs. Betty Nasawali, my sons and daughters Owen, Oscar, Oustein , Shiella and Nicole.

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LIST OF ABBREVIATION AND ACRONYMS

ADB	African Development Bank
ATM	Automatic Teller Machine
EFT	Electronic Funds Transfer
FY	Financial Year
GCR	Global Credit Rating
ICGU	Institute of Corporate Governance of Uganda
MDGs	Millennium Development Goals
NDWS	National Drinking Water Standard
NWSC	National Water and Sewerage Corporation
PPDA	Public Procurement and Disposal of Assets
SAP	Structural Adjustment Programmes
SMS	Short Messages Services
SPSS	Statistical Package for Social Scientists
VAT	Value Added Tax

ABSTRACT

The study examined the relationship between governance and the performance of public corporations in Uganda taking the case of National Water and Sewerage Corporation (NWSC) at Head Office in Kampala. The study was based on the following specific objectives; to investigate how transparency affects the performance, to examine the relationship between accountability and performance and to assess the effect of participative decision making on the performance National Water and Sewerage Corporation in Uganda.

A case study design was used to conduct the whole research study. The study population was sixty (60) which included all the employees at NWSC at the Head Office, from which a sample of fifty (50) respondents was selected using purposive sample technique with the help of Krejcie and Morgan table (1970). Data was collected from both primary and secondary sources; primary data was collected using questionnaire and interview data collection instruments while secondary data involved review of already existing literature about the variables under study from research journals, NWSC reports, published research reports, textbooks, and government documents among others. Primary data collected was analysed using Statistical Package for Social Scientists where percentage frequency table were generated and interpretations made. Cross tabulation was done to ascertain the influence of governance components (transparency accountability and participative decision making) on performance of NWSC.

The findings of the study revealed that there was no full transparency in regard to honest, openness and reliability of information, accountability is not on a timely basis and not all transactions are recorded. Decision making in NWSC is carried out by top management and the lower staff are not fully involved in strategic decisions. The services and water provision of NWSC are only limited to big towns in Uganda, the quality of water is not 100% safe and there are delays in handling customer complaints, employees are not efficient evidenced by connection made and debtor collection. The Corporation's costs of operations are high. The study found that there is a positive correlation between governance components and performance of NWSC.

The study contended with study findings and concluded that governance practices influence the performance of NWSC and the following recommendations were made; NWSC governing body should improve on information sharing and dissemination across all the board members and key stakeholders, the process of bidding for contract of supply of goods and services should be open to the general public, staff responsible for funds/finances should on a timely basis make accountability of the funds allocated to them, decision making process should involve all key stakeholders, NWSC should establish mechanisms to enforce proper governance practices such as financial disclosure, honesty and transparency. The government of Uganda should increase of budget allocations/funds to NWSC and the corporation should re-design and strengthen further its good governance practices to ensure that there is proper accountability of funds, honesty among the top management, transparency and participative decision making.

CHAPTER ONE

INTRODUCTION

The study examined the relationship between governance and performance of public corporations in Uganda taking the case of National Water and Sewerage Corporation (NWSC). Governance was the independent variable and performance the dependent variable. The main constructs of governance were limited to accountability, transparency and participative decision making while performance of public corporations was limited to geographical coverage, customer service and quality of water, employees and cost efficiency. The reason for the study was because of the deteriorating performance of public corporations like NWSC and yet no adequate research has been carried out to provide causes and recommendations in order to improve on their performance. The study clearly showed the major factor that has led to the deteriorating performance and provided recommendations to improve on service delivery of NWSC. This chapter presented the background to the study, statement of the problem, general objective, specific objectives, and research questions, scope of the study, significance of the study, conceptual framework and definition of operational terms and concepts.

1.1 Background to the study

Governance issues are receiving greater attention in both developing and developed countries as the result of increasing recognition that a firm's corporate governance affects both its economic performance and its ability to access long term, low cost investment capital (OCED, 2004). Governance is a multi-dimensional construct comprised of company leadership board size and composition, brand rules, balance of power, disclosure and compliance with the laws and the best practices (Larker & Richardson, 2005).

Governance is the system by which businesses and corporation are directed and controlled, and it is concerned with the distribution of rights and responsibilities among different participants in the management of corporations (OCED, 2004). Governance spells out the rules and procedures for decision making, the basis for setting corporation's objectives, means of attaining the objectives and performance monitoring. It provides for the development maintenance,

monitoring and control of corporation structures and procedures to ensure accountability and transparency in the corporation's decision making (Ogule, 2005).

Governance refers to the manner in which the power of a corporation's total portfolio of assets and resources with the objectives of maintaining and increasing shareholder's value with satisfaction of other stakeholders in the context of its corporate mission (PSCGT, 1999). The committee on the financial aspect of the corporation governance defines it as the system by which companies are directed and controlled. Governance is a bout building credibility, assuring transparency and accountability as well as monitoring of an effective channel of information disclosure that would foster corporation performance. It also builds trust and sustain confidence among the various interest group that make upon organization, indeed the outcome of a survey by Mickinsey in June 2000 collaboration with the world bank in .June 2000 attested to the strong link between corporate governance and stakeholders confidence (Mark, 2000).

Governance is the system by which companies, organizations and other entities are directed and controlled (Wood, 1995). The Cardburry report (1992) inquiry into Governance defines it as a system by which firms are defined and controlled, normally governance can also be defined as the relationship between company and its stakeholders or more broadly as its relation to the society thus corporation governance influences a lot towards performance.

Good governance issues in both the private and public sectors have become a popular discussion topic in the last two decades (Edwards 2003). There have been some legislative changes and provisions imposed by governments on public and private organizations around the world to improve on their governance arrangements (Edwards 2000). Public institutions have been one of the 'interests caught up in the international surge in governance of organizations' (Dixon & Coy, 2007).

The study examined three major components of governance; transparency, participative decism makin and accountability to the major stakeholders (stakeholder theory and stewardship theory) (Donaldson, T & Preston, 1995; Freeman, Wicks & Parmar, 2004; Heath & Norman, 2004) through external and internal corporate governance mechanisms (Weir, Laing & McKnight,

2002). Institutional theory provides explanations about the external and internal governance structures. Institutional theory analyses more resilient aspects of social structure which consider the processes by which structures, including schemas, rules, norms, and routines, become established as authoritative guidelines and how these elements are created, diffused, adopted and adapted over space and time. Finally how the structures fall into decline and disuse as operations of organizations (Scott 2005), including corporate reporting mechanisms (Coaldrake, 2000; Coaldrake, Stedman & Little 2003; Dixon & Coy, 2007), is discussed in conventional financial accounting theory. According to this theory, the governing body is responsible for the corporate reporting of an organization (Dixon & Coy, 2007), as do boards as the institution governing bodies.

Organizational performance is the most important criterion in evaluating organizations, their actions, and environments. According to Richard et al (2010), organizational performance encompasses three specific areas of firm outcomes; financial performance (profits, return on assets, return on investment, etc.); market performance (sales, market share, etc.); and shareholder return (total shareholder return and economic value added) The domain of organizational performance provides the useful potential to make meaningful comparisons across firms and industries. However, what is evident is that even with a narrower domain organizational performance is not a one-dimensional theoretical construct nor is it likely to be characterizable with a single operational measure. Multi-dimensionality of performance is also recognized in accounting (Callen, 1991) and finance (Henri, 2004).

National Water and Sewerage Corporation (NWSC) was established by Decree No. 34 of 1972, following an earlier study on the need for improved water and sanitation service delivery in the major urban centres of Uganda. NWSC was initially responsible for the three key towns of Kampala, Entebbe, and Jinja. The main functions of the corporation are to operate and provide water and sewerage services in areas entrusted to it under the Water Act. The functions of the corporation shall be; to manage the water resources in ways which are most beneficial to the people of Uganda; water supply services for domestic, stock, horticultural, industrial, commercial, recreational, environmental and other beneficial uses; sewerage services, in any area in which it may be appointed to do so under this Act or the Water Act, to the extent and standards that may be determined by its corporate plan, any performance contract, and

regulations made under this Act or the Water Act. To do anything connected or incidental to the above; to develop the water and sewerage systems in urban centres and big national institutions throughout the country (The NWSC Act, 1995 Chapter 317)

During the political instability of the 1970s and early 1980s, the corporation, like other infrastructure enterprises in the country at the time, suffered substantial decline. Most of the assets were run down and service delivery was considerably reduced. Since the mid-1980s, when the government was taken over by the National Resistance Movement, the water sector has begun to be revitalized (Mugisha et al, 2004).

According to NWSC Act (1995) cites that NWSC shall have board of directors consisting of; the chairperson; the managing director; and seven other directors, one of whom must be the director of the directorate of water development. The board shall be the policy making body of the corporation and decide the policies and strategies to be followed by the corporation in achieving its objects and carrying out its functions; ensure that the corporation and the managing director perform their functions and exercise their respective powers in a proper, efficient and economical manner, in accordance with the policies and strategies established by the board.

Like any other government corporation, NWSC has been faced with governance issues ranging from transparency, accountability for the funds availed and lack of participative decision making. NWSC is focusing on how designing a sound governance system that can improve sector performance and strengthen credibility with stakeholders. Without such credibility, people lose confidence in those responsible for shaping sector policy; they also lose hope for the future perhaps the greatest tragedy of all (Mugisha et al, 2004).

1.2 Statement of the Problem

National Water and Sewerage Corporation (NWSC) was established by Decree No. 34 of 1972, for need to improved water, sewerage and sanitation service delivery in the major urban centres of Uganda. However, the corporation's performance has not been satisfactory despite funding from government and Ministry of water and Natural resources.

According to NWSC Annual Report (2009/2010), it highlighted that a lot is still desired in terms of geographical coverage, customers and quality of water, cost and employees efficiency. NWSC

has total network coverage of 7,691 kms of water mains extensions and 465.8kms of sewer connection. Service coverage increased from 73% in 2008/09 to 74% in 2009/2010 (1% only) in a whole year. The growth rate of water productivity reduced from 5.1% in 2004/2005 to 1% in 2005/2006; also from 8.7% in 2008/2009 to 4.3% to 2009/2010. In regard to the physico-chemical properties, 89% of all the final water, reservoir and distribution samples from all Areas met the National Drinking Water Standard (NDWS) (NWSC Annual Report, 2009/2010)

Total cumulative collections as at June 2010 amounted to Shs 122.28 billion (including Government Arrears + VAT) compared to billings of Shs.121.95 billion and indicator of employee's inefficiency and billings weaknesses. In terms of costs there was an increased in costs from 75,207 millions in the financial year (FY) 2008/2009 to 86,804 in FY 2009/2010 (NWSC Annual Report, 2009/2010). This trend of performance could probably be attributed to governance of the corporation. The trend of NWSC performance need to be addressed otherwise, the corporation may fail to deliver quality services to the public, loss of government funds and achieving its strategic objectives.

The recent studies carried out have not particularly looked at governance and performance of corporations in Uganda. The absence of adequate information about these two variables has propelled the researcher to examine the relationship between governance and performance of corporations in Uganda taking the case of National Water and Sewerage Corporation.

1.3 General objective/purpose of the study

The aim of the study, therefore, was to assess the effect of governance on the performance of public institutions in Uganda, a case of National Water and Sewerage Corporation.

1.4 The Specific objectives of the study

- 1) To investigate how transparency affects the performance National Water and Sewerage Corporation in Uganda.
- 2) To examine the relationship between accountability and performance of National Water and Sewerage Corporation in Uganda.
- 3) To assess the effect of participative decision making on the performance National Water and Sewerage Corporation in Uganda.

1.5 Research questions

- 1) To what extent does transparency affect the performance National Water and Sewerage Corporation in Uganda?
- 2) What is the relationship between accountability and performance of National Water and Sewerage Corporation in Uganda?
- 3) To what extent does participative decision making affect performance National Water and Sewerage Corporation in Uganda?

1.6 Scope of the Study

1.6.1 Subject scope

The study focused on the effect of governance and performance of National Water and Sewerage Corporation (NWSC) in Uganda. Governance was the independent variable and the research only studied transparency, accountability and participative decision making as the major sub variables. These are the key dimensions of governance that have an influence of performance of an organization. Corporation performance was the dependent variable and the key dimensions that were studied are geographical coverage, quality of service, workforce efficiency and cost efficiency.

1.6.2 Geographical scope

The study was carried out from National Water and Sewerage Corporation Head Office in Kampala City Jinja Road. The case study was chosen because of its proximity to the researcher to easily access information.

1.6.3 Time Scope

The study covered the period between 2009 – 2013, thus taking into account a period of five (5) years. This period is long enough for the researcher to analyze the performance of NWSC.

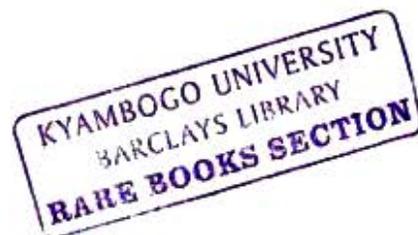
1.7 Significance of the Study

The study is expected to provide useful information to Ugandans concerning the benefits of good governance towards the National Water and Sewerage Corporation (NWSC). Thus the findings of the study may be used by management of NWSC to improve on their performance.

The study findings may be used by the Ministry of Water and National Resources to design policies, budgets and allocate funds to improve on governance and the performance and service delivery of the NWSC.

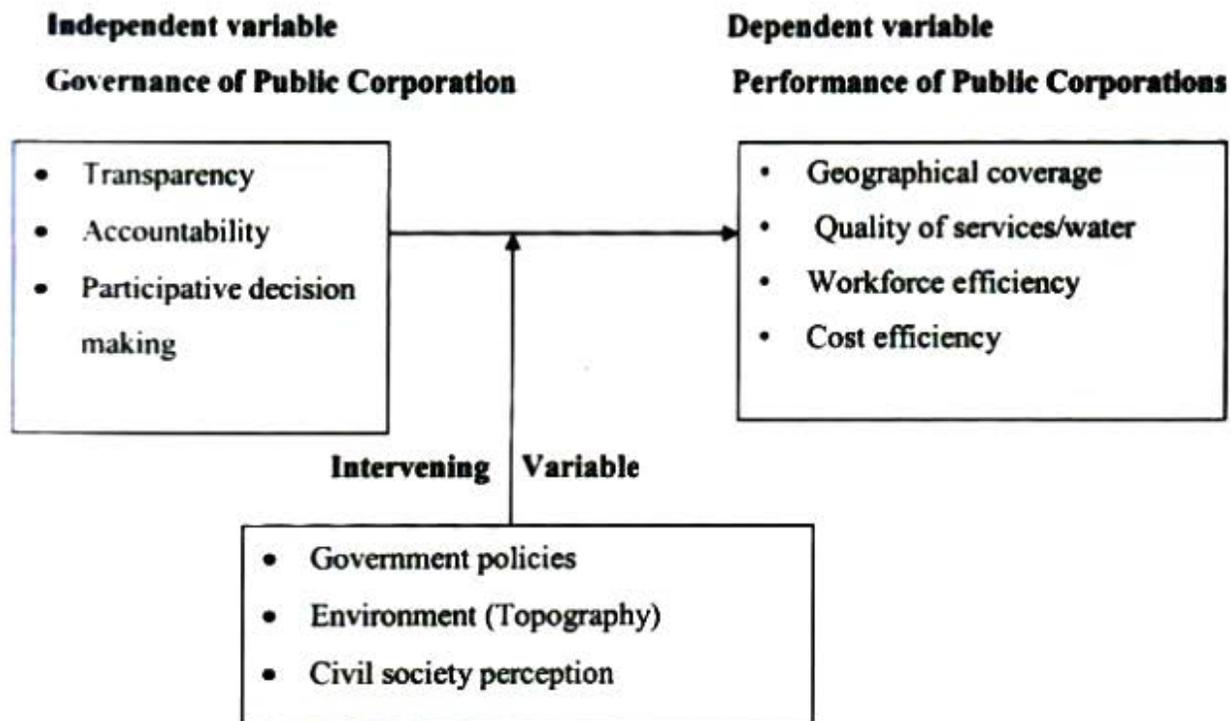
The research findings and recommendations may be used by management of other government corporations in Uganda and other East African countries like Tanzania, Kenya, Rwanda and Burundi to improve on good governance practices and performance challenges they are facing.

The study findings will act as a point of reference to the future researchers who wish to carry out research on the same topic of study. It will also enable to widen the knowledge of the researcher concerning the good governance and performance in both public and private institutions.



1.8 Conceptual Framework

The conceptual framework shows the relationship between governance and performance of public institutions. Governance is the independent variable and is presumed to have a significant effect on the performance of the public of institution – the dependent variable.



Based on Kotler (2000) as modified by Researcher basing literature review

According to Kotler (2000) the relationship between the independent variable (governance) and the dependent variable (performance) is a symmetrical relationship where by a change in the independent variable (governance) is followed by the change in the level of performance the dependent variable.

Intervening variable surfaces between the time the independent variables start operating to influence the dependent variable and the time their impact is felt on it. There is thus a temporal quality or time dimension to the intervening variable. The intervening variable surfaces as a function of the independent variables opening in any situation and helps to conceptualize and explain the influence of the independent variable on the dependent variable. Te study was only limited to the key that is governance and performance of public corporations.

1.9 Definitions of key words and operational terms

Governance: Governance is the way in which individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and co-operative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest.

Geographical coverage: This describes the locations and areas covered and which can also access NSW water and other services.

Performance: The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.

Public institution: A **public institution** is a public body backed through public funds and controlled by the state to provide services to the general public.

Accountability: The obligation of an individuals or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. It also includes the responsibility for money or other entrusted property and resources.

Efficiency: The comparison of what is actually produced or performed with what can be achieved with the same consumption of resources including money, time, labour, etc.). Achieving objectives in the best possible manner with the least waste of time and effort; having and using requisite knowledge, skill, and industry; competent; capable: a reliable, efficient assistant.

Participative decision making : The process during which individuals, groups and organizations are consulted about or have the opportunity to become actively involved in a project or program of activity. It is a joint consultation in decision making, goal setting, profit sharing, teamwork, and other such measures through which a firm attempts to foster or increase its employee's to collective objectives.

Transparency: The extent to which interested parties have ready access to any required financial information about a company or corporation such as price levels, market depth and audited financial reports. It is a measure of how much information about the markets, the corporations stocks or bonds and mutual funds or other investments.

Quality of service: The degree to which provided services meet client or customers requirements and promote customer or client satisfaction.

Workforce productivity: It is the amount of goods, and services or tasks that a worker produces or performs in a given amount of time and resources.

1.10 Conclusion

The chapter has looked at the background of the study, statement of the problem, general and specific objectives, research questions, the conceptual framework and definition of operational terms as they were used throughout the research study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the related literature about governance and performance of public corporations. The chapter looked at an overview of the concept of governance, the components of governance, performance of public corporations and finally the relationship between governance components and performance of public corporations in Uganda taking the case of National Water and Sewerage Corporation.

2.2 The concept of governance

2.2.1 An overview of the concept of governance

Governance was derived from the fact that business entities are either body sole or body corporate, Richwood, (1992). Basing on the key feature, law recognizes business entities as being a legal entity separate from its members or owners. According to Richwood, (1992) companies are owned by shareholders, however, do not have a right to take part in their management but can appoint directors to manage the company on their behalf and accountable to them. Governance of companies involves board of directors, shareholders, employees, auditors, the government and other regulators working together. It encompasses independent oversight of a corporation's activity and it is achieved through boards of directors, top management teams and audit committees.

The Cadbury Report (1992) explains that governance works by pointing the role and code of financial statements. These roles include directors and management being responsible for corporate governance and should have full responsibility of any decision and policies made by the company. The report shows that shareholders with an external objectives check that is how management has achieved its external objectives and policies of winch profitability involved. The codes of practice required are; directors should state whether the report policies and accounts comply with the code and give any reason in case of non- compliance. All relevant parties involved ensuring companies objectives and policies should bring pressure to ensure compliance with code (The Cadbury Report, 1992)

The Institute of Corporate Governance of Uganda (ICGU) (2001) asserts that governance is the manner in which power is exercised in the management of economic and social resources for sustainable human development. It also refers to the system by which companies/corporations are directed and controlled. According to Eyong (2001), governance means the effective management of corporation resources in a manner that is open, transparent, accountable, equitable and responsive to people's needs. As referred by Cohen, Krisnamoorthy and Wright, (2004) one of the most important functions of governance is to ensure the quality of financial reports.

Governance represents the principle of market value maximization which underpins the capitalism of shareholder. According to Mathiesen (2002), governance is a part of economics that enables the investigation on securing or motivating effective management among industries and corporations through the employment of various mechanisms. These may come in the form of contacts, organizational structures and designs and legislations. The objective of governance is mainly concentrated on the improvement of a corporation's financial performance.

The objectives of governance are cited by Leonard A (1998), in a paper delivered at one of the governance in Ghana defined the concept saying that "it is a process and structure used to direct and manage the business affairs of accompany with the objective of enhancing long term valet fur shareholders and financial viability of the business". He went onto emphasis that corporate governance to exist, there is need to introduce the principle of probity transparency and accountability to shareholders and the external community.

Principal weakness of corporate governance today is the excessive concentration of power in the hands of top management (Andrei & Robert, 2003) rebalancing or equalizing the power is a prerequisite far controlling management fraud and promoting financial report. According to (Emanuel. 2004) companies like Enron and world torn ltd had problems because of poor imbalances in favor of few individuals in top management and neglect others. Also weaknesses in proper practice of governance in relation to issues of accountability, transparency and responsibility exist in most institutions in Uganda (ICPAU Newsletter, Vol. 4 Issue 3).

2.2.2 Role of governing body in corporations

Governance involves the manner in which the business and affairs of individual institutions are governed by their boards of directors and senior management, affecting how corporations are managed and play the following roles: (i) Set corporate objectives (including generating economic returns to owners); (ii) Run the day-to-day operations of the business; (iii) Consider the interest of recognized stakeholders; (iv) Align corporate activities and behaviors with the expectation that banks will operate in safe and sound manner, and in compliance with applicable laws and regulations; and protect the interests of depositors (Denis & McConnell, 2003).

The governing body key purpose is to ensure the company's prosperity by collectively directing the corporation's affairs, whilst meeting the appropriate interests of its shareholders and stakeholders. By law, the governing body has a duty and responsibility for governing the corporation. The body owes its loyalty to the corporation itself whose best interests must be guide for all its decisions. The governing body has the responsibility of enhancing the economic efficiency and competitiveness of the corporation as well as orienting its operations towards growth and survival (Steyn P, 2002). The Board must therefore direct the business of the organization with fairness and due regard to shareholders' value and stake in the enterprise. It is incumbent upon the board to ensure that timely, accurate and complete reports on all relevant aspects of the organization are issued to all stakeholders. In this regard the Board must put in place the system of reporting with standards of disclosure that are fully consistent with international accounting practices. In order to be fair to its stakeholders, the corporation must live to its duty of transparency and open full disclosure.

The role of the governing body in creating an environment where a corporation can succeed is the key to future success of the business. It should work to ensure that it builds a united, cohesive and coordinated team working towards the main goal of attaining desired corporate performance. Directors can be held personally liable for the company's misfortunes, which can lead to being removed from office by disgruntled shareholders (Steyn P, 2002).

2.3 Components of governance

The key components of governance include;

2.3.1 Transparency

As a principle, public officials, civil servants, managers and directors of companies and organizations and board of trustees have a duty to act visibly, predictably and understandably to promote participation and provide accurate and timely information. Transparency is simply making information available sufficiently. Large amounts of raw information in the public domain may breed cloudiness rather than transparency. According to Schnackenberg et al. (2014), transparency is operating in such a way that it is easy for others to see what actions are performed. It has been defined simply as the perceived quality of intentionally shared information from a sender to intended recipients, for example, a cashier making change after a point of sale transaction by offering a record of the items purchased as well as counting out the customer's change on the counter demonstrates transparency.

According to ICGU (2001), governance should put in place a framework to ensure timely and accurate disclosure of all material matters regarding the corporation, including the financial situation, performance, ownership and the governance of the company. According to the Asian Development Bank (ADB) (2005), transparency and information openness cannot be assured without the legal frameworks that balance the right to disclose against the right of confidentiality. Similarly, predictability in the functioning of the legal framework is helpful for ensuring the accountability of institutions. A transparent system facilitates accountability, participation and predictability of outcomes. Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided in an easily understandable form and media. .

According to Tilt (2006), the most important issue when considering accountability of corporations and other entities is the means by which they will be required to provide an account. Marshall (2002) also adds that the most obvious way to ensure that corporations are transparent is a full disclosure about their activities, which will enhance public trust. However, according to

Leat (1988), in addition to this explanatory accountability there also needs to be accountability with sanctions, where some form of penalty is imposed if the account or the actions are inadequate.

2.3.2 Accountability

The concept of accountability cannot be overlooked when reviewing governance literature. Accountability relationships occur in every sector of the society including the commercial sector (Wheeler, 2000). Where there is inadequate accountability resources will be used inefficiently and ineffectively; thus, inadequate accountability can result in devastating consequences for millions of people and compromising the operations of an organization (Kluver, 2001).

In governance, accountability is answerability, blameworthiness, liability, and the expectation of account-giving. As an aspect of governance, it has been central to discussions related to problems in both public sector, nonprofit and private worlds (Dykstra et al, 1999). Accountability has expanded beyond the basic definition of being called to account for one's actions (Richard, 2000 & Amanda, 1995). It is frequently described as an account-giving relationship between individuals both in private and public corporations.

In leadership roles, accountability is the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employment position and encompassing the obligation to report, explain and be answerable for resulting consequences (Williams, 2006).

According to Kogan (1986), accountability refers to a condition under which a role holder renders account to another so that judgment may be made about the adequacy of performance. Learner and Tetlock (1999), describe accountability as the implicit and explicit expectations that anyone may be called upon to justify one's belief, feelings and actions to others. Learner and Tetlock (1999), equate accountability not only to reporting but also to the justification of performance. According to Samuel (1991), accountability refers to holding individuals and organizations responsible for performance, measured as objectively as possible.

Brown and Moore (2001), accountability should be treated as a key strategic issue that will help an organization to define and achieve its highest value. There is a need for accountability when a principle seeks to get an agent to do something for him or her. The principle gives the agent

resources or delegates power for a purpose and wishes to constrain or provide incentives to the agent to provide value for money in the use of the resources. Similarly, Edwards (2002), refers to accountability as the obligation to report one's activities to a set of legitimate authorities. For the purpose of this research study, accountability was limited to financial accountability. Day and

Klein (1987) refers to financial accountability as the requirement to provide information to parties both inside and outside the organization. It is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made. Accountability refers to the final responsibility for the success or failures of an organization. This final responsibility is usually with the governing body, which delegates this function to the Chief Executive. Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. An organization or an institution is accountable to those who will be affected by its decisions or actions. Since public corporations get most of their funding from government and donors, accountability for corporations is usually to the donors and government and other relevant stakeholders (CAFS, 2001).

Brody (2001) and Day and Klein (1987) contend that financial accountability is the financial honesty and avoidance of fraud that makes sure that money is spent and recorded as agreed and according to appropriate rules and that accurate reports are given to stake holders in a timely manner. Financial accountability is made by preparing and circulating financial statements or reports to stakeholders.

2.3.3 Participative decision making

Probst (2005) defines participative decision making as the extent to which employers allow or encourage employees to share or participate in organizational decision-making process. According to Cotton et al. (1988), the format of participative decision making could be formal or informal and in addition, the degree of participation could range from zero to 100% in different participative management stages. Participative decision making is one of many ways in which an organization can make decisions including; investment, financing, dividends and working capital management decisions. The leader must think of the best possible style that will allow the corporation to achieve its strategic goals and objectives.

Steinheider et al (2006) notes that participative decision making is known by many names including shared leadership, employee empowerment, employee involvement, participative decision-making, dispersed leadership, open-book management, or industrial democracy. The basic concept involves any power-sharing arrangement in which workplace influence is shared among individuals who are otherwise hierarchical unequal. Such power-sharing arrangements may entail various employee involvement schemes resulting in co-determination of working conditions, problem solving, and decision-making (Locke & Schweiger, 1979). Brenda (2001) cites that the primary aim of participative decision making is for the organization to benefit from the "perceived motivational effects of increased employee involvement.

In a participative decision-making process each team member has an opportunity to share their perspectives, voice their ideas and tap their skills to improve team effectiveness and efficiency.

According to Brenda (2001) participatory decision-making can have a wide array of organizational benefits included but not limited to; job satisfaction, organizational commitment, perceived organizational support, organizational citizenship behavior, labor-management relations, job performance and organizational performance and improved organizational profits

2.4 Performance of public corporations

2.4.1 The concept of performance

The concept of performance is very broad having a number of sub variable ranging from financial and non financial performance. Performance can be referred to as achieving of the set organisational or corporation goals and objectives within a specified period. Rutagi, (1997) defines financial performance as to how well an organization is performing. Other researchers define performance of the organization as the extent to which an organization achieves its intended outcome. The objective of public corporations is not necessarily to generate profit, and it may be necessary to evaluate the performance of these corporations using additional methods including valuation of non market benefits (Sexton & Iskow, 1993). Royer, Wissman and Kraenzle (1990) and others have all used traditional or classical financial ratio analysis to evaluate individual and relative corporations performance. However, Sexton and Iskow (1993) argue that ratio analysis may be biased and lack a solid foundation in economic theory when applied to corporations. Sexton and Iskow (1993) encourage the use of technical, allocative, and

scale efficiency measures of performance of corporations. For purposes of this researcher study performance of corporations will be looked in terms of geographical coverage, employees' efficiency, and cost efficiency.

Generally, performance shows the achievement of objectives. Whilst in the private sector entities the objective of profit maximization, its absence in the public sector corporations generates difficulties, even paradoxes, in explaining this concept Bouckaert and Balk (1991), state that the opportunity and necessity of performance measurement in the public sector entities rise questions. For Meyer and Gupta (1994), performance in the public sector entities is a paradox. The same opinion is shared by Jones and Pendlbury (2000), and argued by the difficulty in measuring the outcome and also by its absence as an indicator of performance measurement.

Unlike the authors above, Robert and Colibert (2008), sustain that the lack of profit in the public sector entities should not generate a low interest in studying performance. In their opinion, the concept of performance simply means that current revenues of the entity shall be compared with current expenditures not only for the sake of covering the expenses but also for leading to a little surplus and delivering services to the public.

Lorino (1995), states that performance is what contributes to the improvement of the couple cost value, and not only what contributes to the diminution of cost or increase of value. This approach concerns three directions of action for the public sector entities; implementation of strategies allotted to the entities by political authorities, value infusion for the public, users whom the entity addresses to and control of resources that were allotted in order to accomplish their mission.

2.5 Performance of Public Corporations - NWSC

2.5.1 Geographical coverage and connection

According to NWSC Annual Report (2009/2010), it highlighted that a lot is still desired in terms of geographical coverage. The report clearly pointed out that NWSC has total network coverage of 7,691 kms of water mains extensions and 465.8kms of sewer connection. Service coverage increased from 73% in 2008/09 to 74% in 2009/2010 (1% only) in a whole year. The total number of water connections at 30th June 2010, stood at 246,259, while the total number of sewer connections as at June 2010 was 15,561. These numbers are small compared to the total demand and population in Uganda that requiring water connection.

NWSC has not enrolled a lot of subscribers over the year an indicator of poor performance. The Corporation's Annual Report (2009/2010) highlighted that during the year, the total number of subscribers increased by 9% only from 225,932 to 246,259 as at end of June 2010. This resulted into an increase of service coverage of only 1% mainly due to the increased pressures on our urban services resulting from the exponential growth in population and urban settlements. This implies that the corporation is still struggling to ensure that water supply is matched to the demand.

The corporation experienced a decline in water productivity in the year 2009/2010. According to the Annual Report (2009/2010), water production remains the vanguard of supply within NWSC operational areas. The Corporation operates 26 water treatment plants with a total practical capacity of 318,841 m³ per day. The growth rate of water productivity reduced from 5.1% in 2004/2005 to 1% in 2005/2006; also from 8.7% in 2008/2009 to 4.3% to 2009/2010 which represents approximately 50% in one given year. This had a bearing on the water supply and the number of customers served an indicator of deteriorating performance of the corporation.

NWSC services and water supply are limited to the big towns in Uganda for example 18 out of the 23 is large NWSC towns. 9 of these (Kampala, Jinja/Njeru, Entebbe, Masaka, Mbarara, Gulu, Kasese, Lira and Fort portal) have coverage greater than or equal to 70%. The towns of Bushenyi/Ishaka, Soroti, Hoima, Mubende and Masindi fall below the average, access to piped water in urban households was 5.4% in dwelling, 14.4% in compound and 16.3% outside the compound (NWSC Annual Report, 2009/2010).

The corporation has got challenges distributing to the dry zones in the Uganda. The Annual Report (2009/2010) pointed that water supply and its distribution are crucial to addressing the challenges of Urban development and Dry Zones to alleviate intermittent supply that manifests in some areas especially Kampala. It is one of the basic operational activities that NWSC attaches great emphasis. In line with this is the need to ensure sustainable water supply to our consumers. In addition, the need to facilitate the achievement of Millennium Development Goals (MDGs) by increasing the proportion of people with access to potable water reigns paramount to the Corporation. In line with this NWSC seem not to have covered all the intended geographical areas and distributed water to the potential customers an indicator of performance gap.

2.5.2 Customer service and water quality

Winder and Judd (1996), defines quality as the ongoing process of building and sustaining relationship by assessing, anticipating and fulfilling stated and implied needs. Quality is the totality of features and characteristics of a product/ services that bears on its ability to satisfy stated or implied needs (Okella, 2004). Balunywa (1995), stated quality as an attribute of a product/ service, that is a grade of a particular product or service thus talk of poor and good quality. These two definitions emphasize quality being inherent in a product/ service. Service is any activity that one party can offer to another that is essentially intangible and does not result into ownership (Kolter,1999).Four main features characterized service namely; intangibility, perishability, heterogeneity and inseparability unlike products (Payne,1999). According to Heizer and Render (1999), services are those economic activities that typically produce an intangible product as education, government, insurance, entertainment, transportation, real estate and medical repair.

Quality service is defined as a level of service, compared to that of competitors that is high enough in the eyes of a customer, that enables one to gain an unnaturally large market share and enjoy a higher profit margin than competitors (Karl, 2004). According to Hawcroft (1991), anticipating and satisfying the needs and expectations of a customers. Eugene (2000) describes quality service as a global evaluation of a firm's service delivery system.

Muhlemann et al (1992), defines quality as "fitness for use and conformance to the requirements. Quality is nothing more or less the perception of customer has of you, your products and service.

It is meeting customer requirements a lower cost with built in preventive sanction in the processes on employee/management, involvement, ensuring the best products to the customer/end user with just in time delivery. Quality service is defined as a level of service, compared to that of competitors that is high enough in the eyes of customer that enables one to gain an unnaturally large market share, enjoy a higher profit margin than the competitors (Karl, 2004). According to Parasuraman et al (1985) the dimension of quality service include; tangible, reliability, responsiveness, competence, credibility, empathy and communication. During the year 2009/2010, the NWSC continued providing information to customers through bills, where we maintain a 30 days billing cycle and the bills are delivered to customers premises by the 5th day of the month. A variety of payment options continued to be offered which included the direct debit, cash offices, and counter payments in selected banks, EFT, ATM payments and SMS payments (NWSC Annual Report, 2009/2010). The introduced services have helped us realise the varying needs of customers which calls for dynamic approaches to ensure they are satisfied beyond expectation. The following activities were carried out in FY 2009/10 included among others; Hand held Meter Reading devices in Kampala Water that enables customers to receive instant bills and developed and distributed to all our customer service centres, introduced short message services (SMS) to help deliver water bills on mobile phones, receive enquiries and feedback from customers. However, not all service options are fit for all the customers across Uganda, these are limited to few customers in towns and urban centres leaving the upcountry customers not served.

The quality of water supplied by NWSC is not 100% good quality for example in regard to the physico-chemical (aesthetic) properties, 89% of all the final water, reservoir and distribution samples from all Areas met the National Drinking Water Standard (NDWS) for colour (apparent) of maximum 15 PtCo units, while 10% of the samples did not met the free residual chlorine level of minimum 0.20 mg/l. This implies that the water distributed and supplied is not 100% safe for human consumption (NWSC Annual Report, 2009/2010). The report further pointed out that case of supply of treated water of quality that did not meet the standards was due to design inadequacy, operation and maintenance inadequacy, age of the network pipes.

The service industry is a demand driven, which constitute an important part of the service industry (Newman 2001). Corporations that offer services including NWSC therefore has to

redefine its corporate image to emphasize service quality since it provides many advantages to a company such as allowing the company to differentiate itself from its competitors by increasing revenues/incomes and geographical coverage, reducing on customer complaints and the related costs, providing opportunities for cross selling, improving customer relations thus enhancing the corporate image, reliability, responsiveness, credibility and communication results in the satisfaction and retention of customers and employee, thus reducing turnover rate (Lewis,1991)

2.5.3 Workforce efficiency

The workforce efficiency at NWSC is low for example during the FY 2009/2010, staff numbers increased to 1,589 from 1,517 the previous year (NWSC Annual Report, 2009/2010). The report also pointed out that the increase stemmed from the need to have sufficient man efforts to manage the expanded operational activities in areas so as to ensure efficient service delivery. Correspondingly, staff productivity only improved from 6 to 7 staff per 1,000 connections as compared to the FY 2008/2009. In addition, debt collection effort is poor evidenced by accumulated accounts receivable debts which majorly results from work force inefficiency in the accounts and finance/credit department. Total cumulative collections as at June 2010 amounted to Shs 122.28 billion (including Government Arrears + VAT) compared to billings of Shs.121.95 billion (NWSC Annual Report, 2009/2010). This may result into high bad debts written off, high costs of collection and loss of funds for the corporation.

2.5.4 Cost efficiency

The annual turnover of the Corporation for the FY 2009/10 was Ushs.112.8 billion with a net profit before depreciation of 26 billion and after depreciation of Ushs.9.4 billion. However, in terms of costs the NWSC annual report (2009/2010), pointed out that there was increased costs from 75,207 millions in the financial year (FY) 2008/2009 to 86,804 in FY 2009/2010. This had an impact on the net surpluses. The increased cost can be translated into cost inefficiency and control by the corporation's responsible employees. The report further pointed out that in order to enhance its bankability, the Corporation underwent a Credit Rating process by Global Credit Rating Co (GCR). The Corporation was accorded a Short Term Credit Rating of A2 and a long-term rating of A, which when translated implies that the corporation's liquidity factors present some minimal commercial borrowing risks.

Kalibbala (2011) pointed out that NWSC has been experiencing high production cost. The author attributed the high costs of production to the turbulent macroeconomic variations i.e. inflation and exchange rate changes, coupled with the increasing electricity costs, fuel for areas where power outage is the norm, have continued to increase the input costs, thereby posing a new set of challenges for the Corporation to contend with. This implies that the corporation has not been cost efficient and this has led to limited surpluses to enable it deliver its services and meet customer's requirements.

2.6 The Relationship between Governance and Performance

2.6.1 Transparency and Performance of Corporations

According to Vishwanath and Kaufmann (1999), the economics theory supports the notion of increasing transparency and argues that better information would build up allocation of resources and effectiveness in an economy. The most productive projects would get chance of accessing funds through financial information disclosure and consequently welfare and growth would be ensured.

Transparency is a necessary element of financial stability and governance in both public and private corporations. Lack of transparency may adversely affect financial performance, stability and integrity of entire financial system in a corporation and economy, which appeared in recent credit crunch in terms of transparency of financial transactions such as credit derivatives. Free market mechanism discipline will perform earlier and efficiently while information flow carries on from corporations to investors. Timely information disclosure may lessen the cost of market crash and crises since decision makers get to know about what happens in the corporation. As a result, they can distinguish bad corporations from good corporations and detect the corporations that are more vulnerable in financial turmoil (Wruck & Wu, 2008)

Ozbay (2007) clearly points out that, corporate transparency can improve democratic culture in publicly held corporations where bigger groups of stakeholders participate in and have active control on the management. This will lead to corporations do business sensibly while investing stakeholders' capital into risky projects. Therefore, timely information disclosure can reinforce stakeholders' monitoring systems that encourage corporations act prudently and thus improved

performance. Jensen and Meckling (1976) argue that corporate transparency and information disclosure are important elements of governance, investors' confidence and investment flows. The firms that do not adopt good transparency and information disclosure policies may suffer agency costs, defined as the value reduction in welfare experienced by the shareholders. This is due to managerial behavior that diverges interests from shareholders (principal) stakeholders. It is more likely that in a firm where a weak transparency and disclosure policy is practiced, managers may use their information advantage to pursue their self-interests (Chen, Chung, Lee & Liao, 2007). Therefore, corporations that are able to control and reduce the agency costs by increasing corporate transparency; might also be able to increase the stakeholder's value and improve other performance measures.

2.6.2 Accountability and Performance of Corporations

Accountability is multifaceted and complex, at the heart of which is the notion of one party rendering an account of the use of resources to another party. Gray and Jenkins (1993) have the opinion that accountability is an obligation to present an account and answer for the execution of responsibilities to those who entrusted those responsibilities (Kluver, 2001). Accountability forms the basis of the trust in organizations, so when accountability relationships are undermined then trust in organizations is damaged. While accountability might at first seem to be easily defined the reality is that it is a complex multifaceted concept.

According to Gale (2003), financial accountability gives public corporations and other not-for-profit organizations legitimacy and credibility, contributes to their reputation and adds to their sustainability. Day and Klein (1987), state that financial accountability is about making sure that funds have been spent as agreed and according to appropriate rules and regulations. Boice (2004) adds that financial accounting is financial responsibility or operational transparency that requires demonstrating how donations to the organization have been used and how effective your organization is in achieving its goals. Good financial accountability limits fraud and mismanagement. It also empowers beneficiaries and other stakeholders since information is power. Thus financial accountability leads to control and efficient use of resources leading to improved performance.

2.6.3 Participative Decision Making and Performance of Corporations

Participatory decision making by the top management team can ensure the completeness of decision-making and may increase team member commitment to final decisions. By sharing decision-making with other employees, participants may eventually achieve the organizational objectives that influence them (Brenda, 2001). In this process, participative decision making can be used as a tool that may enhance relationships in the organization, increase employee morale and acts as an incentive, and increase the rate of information circulation across the organization (Anderson & McDaniel, as cited in Brenda, 2001).

2.7 Conclusion

This chapter reviewed the existing literature about governance and performance of corporations in Uganda basin on the objectives and conceptual framework. The reviewed literature suggested that good governance affects the performance of corporations. However, no recent study has been undertaken specifically to examine the relationship between governance and performance of public corporations in Uganda. This implies that there is an information gap regarding the relationship between the two variables thus the justification of the study by the researcher.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discussed the methodology that was used to examine the effect of governance on performance of public institutions, a case study of NWSC. It highlighted how data was collected and analyzed. It also described in detail the overall research design adopted by the study, population of the study, sample size and sample selection strategy, data collection methods, and data collection instruments.

3.2 Research Design

Research design provides the glue that holds the research project together. A design was used to structure the research, to show how all of the major parts of the research project - the samples or groups, measures, treatments or programs, and methods of assignment - work together to try to address the central research questions (Trochim, 2006). According to Sarantakos (1993), this was the most significant element of the research process where the whole research is designed, options considered, decisions made and details of the re-search laid down for execution. The researcher used case study research design to conduct the research study. Case study research design details contextual analysis of a limited number of events or conditions and their relationships in a given organisation. Yin (1984) defines the case study research design as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984).

The study was carried out mainly using quantitative approach of research. This approach was set to establish a clear and objective orientation, a vigorous, disciplined and systematic procedure, and a reality bound methodology, which allows arriving at a theory that would free from vague and sloppy approaches, speculative thoughts about reality, and a theory that should be distinguished from a social philosophy, abstract speculation and everyday assumptions (Stergios1991; Vlahos, 1984).

3.3 Area of Study

The study was conducted at the headquarters of National Water and Sewerage Corporation (NWSC) which is located on Jinja road- Kampala.

3.4 Target Population

The population under study comprised of all employees of National Water and Sewerage Corporation (NWSC) at the Head Office. The study population included all levels of management, the human resource department and all other relevant staff of the corporation. The total population was 60 (sixty) including the employees at head office at National Water and Sewerage Corporations (NWSC Human resource department, 2014).

3.5 Sample Technique and Sampling Selection

According to Sekaran (2003), sampling is the process of choosing the research units of the target population, which are to be included in the study. The samples used in the study were selected using purposive sampling which is a function of non- probability sampling. Under purposive sampling technique, the researcher purposely chose who, in their opinion are thought to be relevant to the research topic. In this case, the judgment of the researcher was more important than obtaining a probability sample. The process of sampling in this case involved purposive identification of the respondents.

The sample size was therefore selected from the various departments of the case study. The sample under study was therefore made up of 50 (fifty) respondents selected basing on te Krejcie and Morgan (1970) sample table.

3.6 Research Instruments

A combination of research instruments and methods to collect data about the research variables.

3.6.1 Questionnaire

According to Sarantakos (2005), a questionnaire is a tool of collecting data in which information is gathered through oral or written questionnaires. Oral questioning is known as interviewing; written questioning is accomplished through questionnaires which are administered to the respondents by mail or handed to them personally by the researcher.

Structured questionnaires were used in the collection of primary data and this was either self administered or face to face interview with the respondent. For self-administered questionnaires, the researcher further interviewed the respondents on a few responses that require further clarifications.

3.6.2 Interviews

The research used interview method to collect primary data. Interviews were conducted with key informants in NWSC about the relationship between governance and performance. The interview responses supplemented the data obtained using the main questionnaire. This was done with the help of the interview guide extracted from the main questionnaire.

3.6.3 Documentary Review

Public documents and relevant journals about the variable of the study were reviewed. This formed secondary data and the sources included but were not limited to; NWSC reports and publications, journals, government publications and published research reports and papers.

3.7 Data Collection Procedure

The research instruments were designed and approved by the supervisor before real data collection. The research instrument first pretested on few respondents to determine their reliability and validity in terms of the quality of data to be collected. An introductory letter from the research coordinator at Kyambogo University (School of Management). This was presented to the management of NWSC to allow the researcher administer the research instruments to the selected respondents.

3.9 Validity and Reliability of Research Instruments

According to Basir et al (2010), validity determines whether the research truly measures that which it was intended to measure or truthful the research results. Drost (2011) asserts that validity is concerned with the meaningfulness of research components or whether the research instruments measure what they intended to measure. According to Polit and Beck (2006), content validity is the degree to which an instrument has an appropriate sample of items for the

construct being measured. It related to whether or not the items sampled for inclusion on the tool adequately represent the domain of content addressed by the instrument.

Reliability is a major concern when a psychological test is used to measure some attribute or behaviour. In other words, reliability is the extent to which measurements are repeatable when different persons perform the measurements (Drost, 2011). Suanders et al. (2008) define reliability as the extent to which your data collection techniques or analysis procedures will yield consistent findings. Kumar (2010) defines reliability in relation to research instruments as the ability of the instrument to be consistent and table hence predictable and accurate. Hence, it can be inferred that reliability is the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials.

Closed questionnaires were developed in harmony with the guidelines specified by Sekaran (2000). First, an item analysis shall be done to see whether the items in the instrument belong there and a pre – test was carried out to check validity and reliability so as to minimize on vagueness of the results to be generated.

To measure the reliability of the research instrument a Cronbach's Alpha test was carried on the actual filled and analysed questionnaire and results were presented in table below;

Table 1: Reliability statistics Cronbach's Alpha

Cronbach's Alpha	Number of items/questionnaires
0.731	50

Source: Primary data SPSS Data Analysis

The Cronbach's Alpha test that measures the reliability of the research instrument was carried on fifty (50) actual questionnaires analysed and results revealed an Alpha test of 0.731 implying that the questionnaires were reliable in terms of obtaining the desired response since the Alpha obtained was more than 0.5.

3.9 Data Analysis

Data analysis is the science of examining raw data with the purpose of drawing conclusions about that information. The collected data was analyzed using quantitative analysis which majorly involved six major activities namely, data preparation, coding, grouping, and relating,

predicting and statistical testing. Data preparation involved all forms of manipulations that will be necessary for preparing data for further processing e.g. coding, categorizing answers to open-ended questions, editing and checking as well as preparation of tables; counting included the mechanical task of registering the occurrence and frequency of the occurrence of certain answers or research items; grouping and presentation involved ordering of similar items into groups and this will result in distribution of data presented in the form of tables and graphs; relating involve cross-tabulation and statistical tests to explain the occurrence and strength of relationships; predicting is a process of extrapolating trends identified in the study into the future and this statistical method helped the researcher complete this task and finally statistical testing; this refers to the stage where test of significance, inference, hypotheses and correlation are employed during the process of analysis.

Data was entered into Statistical Package for Social Scientists (SPSS) statistical software that was developed for analyzing survey data and here the hypotheses were tested mainly considering relational statistics. The ANOVA F- test Statistic was used to test the Hypotheses and determine the relationship between good governance and performance of NWSC.

3.10 Limitations of the Study

The following limitations were encountered by the researcher in the course of conducting the research study.

Limited funds for research: Research study was expensive as it required substantial resources for example typing and printing costs, travel and communications, data analysis costs and binding of the final research report. The researcher used his personal savings and drafted a budget for this research project.

Low response rate: The respondents did not provide all the data requested sometime because of time and fear to disclose corporate confidential information. Follow-ups to make sure that the desired data was collected and respondents were assured that the data provided will be treated with utmost confidentiality and only used for academic purposes.

Time: The time was not sufficient to conduct the study extensively bearing in mind that there were other study commitments during the semester. The researcher designed an activity schedule highlighting the activities and time allocated to make sure that all the activities were completed on time.

Limited cooperation and interpretation of research instruments: The target respondents did not cooperate during the research study and interpret the questions in the research instruments. Appointments were sought with the target respondents and interpreted the questions for better understanding to provide the required data.

3.11 Conclusion

This chapter has looked at research design, area of the study, target population, sample technique and selection, research instruments (questionnaire, interview, documentary review and direct observations), data collection procedure and finally data analysis.

CHAPTER FOUR
PRESENTATION, ANALYSIS AND INTERPRETATION OF THE
STUDY FINDINGS

4.1 Introduction

This chapter is the presentation, analysis and interpretation of the findings basing on the objectives of the study. The findings are presented and analysed basing on the objectives of the study as stated in chapter one of this research report. This chapter was presented first by looking at the respondents' bio data, corporate governance in National Water and Sewerage Corporation (NWSC), performance of NWSC and finally the relationship between good governance and performance of NWSC in Uganda. The findings of the study were presented and analysed by use of percentage tables.

4.2 Respondents Bio-Data

The findings regarding the respondents' bio data were categorised into respondents' gender, age, level of education, respondents' department and employment tenure as own in the following sub section.

4.2.1 Gender of Respondents

The findings regarding the gender ender of the respondents were presented in the table below;

Table 2:Gender of the respondents

Gender	Frequency	Valid Percent	Cumulative Percent
Male	23	46.0	46.0
Female	27	54.0	100.0
Total	50	100.0	

Source: Primary data

From the above both male and female were represented in the study; male constituted 23 (46%) while female were 27(54%2) this implies the findings were not gender biased.

4.2.2 Age of Respondents

Table 3: Age of the Respondents

Age	Frequency	Valid Percent	Cumulative Percent
20 – 29	12	24.0	24.0
30 – 39	19	38.0	62.0
40 – 49	5	10.0	72.0
Above 50	14	28.0	100.0
Total	50	100.0	

Source: Primary data

Most of the respondents were aged between 30 – 39 (38%) followed by those above 50 years (28%), respondents between 20 – 29 of age were represented by 24% and only 5 (10%) were aged between 40 – 49 years. This implies that NWSC employs people of mature age who can make informed decision for the corporations.

4.2.3 Level of education of respondents

Table 4: Respondents level of education

Education level	Frequency	Valid Percent	Cumulative Percent
Diploma	8	16.0	16.0
Degree	5	10.0	26.0
Professional	14	28.0	54.0
Masters	23	46.0	100.0
Total	50	100.0	

Source: Primary data

According to the findings in the table above, most of the employees of NWSC had masters qualifications in different disciplines represented by 23(46%), 14(28%) had professional qualifications, 8(16%) had diploma qualification and only 5(10%) had degree qualifications. This implies NWSC has got qualified employees and thus the data was obtained from respondents who understood the questionnaires thus its reliability.

4.2.4 Employment tenure

Table 5: Respondents employment tenure

Duration	Frequency	Valid Percent	Cumulative Percent
Less than 2 Years	5	10.0	10.0
3 - 6 Years	12	24.0	34.0
More than 6 Years	33	66.0	100.0
Total	50	100.0	

Source: Primary data

According to the findings in the table above, majority of the respondents had worked for NWSC for more than 6 years represented by 33 (66%) followed by 12 (24%) for had worked for NWSC for 3 – 6 years and only 5 (10%) had worked for less than 2 years. This implies that data was obtained from respondents who understand governance and performance of NWSC and it also means low labour turnover in the Corporation.

4.2.3 Respondents departments

Table 6: Respondents departments

Department	Frequency	Valid Percent	Cumulative Percent
Operations	15	30.0	30.0
Human resource	22	44.0	74.0
Accounts and finance	8	16.0	90.0
Procurement	5	10.0	100.0
Total	50	100.0	

Source: Primary data

Most of the respondents were from Human resource department 22(44%) followed by 15 (30%) from operations department, 8(16%) were accounts and finance department and only 5(10%) were from procurement. This implies that at least key departments of NWSC were represented during the study the data was collected across the key departments thus its reliability.

4.3 Governance in Public Corporations

Establishing governance practices in NWSC was one of the objectives that the researcher wished to study. This was looked at in terms of the three sub variable of transparency, accountability and participative decision making.

4.3.1 Transparency

4.3.1.1 Openness at National Water and Sewerage Corporation

Table 7: Openness as an element of transparency

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
The Board of Directors openly share corporation information with the management team	0(0%)	0(0%)	9 (18%)	14 (28%)	27(54%)
The managers of the corporation share with stakeholders program progress reports	0(0%)	0(0%)	0(0%)	18(36%)	32(64%)
The managers of the corporation share with stakeholders financial reports	0(0%)	0(0%)	4(8%)	24(48%)	22(44%)
The person who represents this corporation in coordination meetings with donors and funders shares information with those who are concerned in the corporation	0(0%)	0(0%)	13(26%)	10(10%)	27(54%)
The process of awarding contracts to suppliers of goods and services for this corporation is open to the public	0(0%)	4(8%)	0(0%)	14(28%)	32(64%)

Source: *Primary data*

From the table above, the findings revealed that the Board of Directors does not openly share corporation information with management teams represented by 41(82) of those who disagreed with the statements and only 9(18%) were uncertain in regard with sharing information. This implies there is openness in the corporation.

Majority of the respondents 46(92%) disagreed that the process of awarding contracts to suppliers for goods and services is open to the public and only 4(8%) agreed. This implies that lack transparency in the procurement process and violation of Public Procurement and Disposal Assets (PPDA) regulations which govern procurement process in public corporations and thus contracts may be award to incompetent companies that may not deliver ad quality goods and services.

4.3.1.2 Honesty

Table 8: Honesty as an element of Transparency

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
This corporation 's staff members properly account for funds advanced to them	0(0%)	0(0%)	0(0%)	23(46%)	27(54%)
The staff of this corporation have faith in the integrity of the Board of Directors	0(0%)	0(0%)	9(18%)	15(30%)	26(52%)
The public believes in all the information released by officers of this corporation	0(0%)	0(0%)	13(26%)	18(36%)	19(38%)
Managers of this corporation have faith in the integrity of their colleagues	0(0%)	0(0%)	0(0%)	36(72%)	14(28%)

Source: Primary data

From the table above, all 50(100%) disagreed that the corporation staff members properly accounts for the funds advanced. This implies that is poor accountability of funds at the corporation and possibility of case of fraud and misallocation and misappropriation o fund. This has of a direct bearing on service delivery and achievement of target on timely basis.

Majority of the respondents 41(82%) disagreed that staff of NWSC have faith in the integrity of Board of Directors and only 9(18%) were not sure. This implies that the Board of directors is not honest and thus may not be trusted by the lower staff. The findings also reveals that all respondents 50(100%) disagreed that managers have faith integrity in their colleagues.

4.3.1.3 Reliability

Table 9: Reliability as an element of Transparency

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
The Board of Directors of this corporation typically act in the best interests of the management team	0(0%)	0(0%)	4(8%)	27(54%)	19(38%)
The management team of this corporation relies on the Board of Directors	0(0%)	0(0%)	13(26%)	27(54%)	10(20%)
Even in the most difficult situations the managers in this corporation can depend on each other	0(0%)	4(8%)	9(18%)	27(54%)	10(20%)
The information provided can be based on to make informed decisions	0(0%)	0(0%)	8(16%)	14(28%)	28(56%)
The information contained in the reports is dependable	0(0%)	0(0%)	8 (16%)	9(18%)	33(66%)

Source: Primary data

From the table above, majority of the respondents revealed that the Board of Directors of NWSC do not typically act in the best interest of the management team 46(92%) and only 4(8%) were not sure. This implies that BOD work for their own interest not the management team interest.

Also the findings further revealed that information provided in the financial statements can't be relied upon to make informed decisions 42 (84%) of the respondents who disagreed and 8(16%) were not sure. This implies that the information provided in the income statement not reliable to be based on to make informed decisions.

4.3.2 Accountability

The study was to establish accountability as a key element of governance in National Water and Sewerage Corporation. The findings were presented in the table below;

Table 10: Accountability at National Water and Sewerage Corporation

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
All financial transactions of this corporation are properly documented and recorded	0(0%)	0(0%)	0(0%)	18(36%)	32(64%)
There is adequate supervision of accountants in this corporation	0(0%)	0(0%)	5(10%)	13(26%)	32(64%)
There is an approval system for all transactions by the authorized managers of this corporation	0(0%)	0(0%)	13(26%)	9(18%)	28(56%)
This corporation has a system of regularly reviewing its expenditures against approved budgets	0(0%)	4(8%)	9(18%)	13(26%)	24(48%)
Audits are carried out regularly in this corporation	0(0%)	8(16%)	0(0%)	9(18%)	33(66%)
The corporation has got a system that capture both revenues and expenditures	0(0%)	4(8%)	0(0%)	14(28%)	32(64%)
The corporation expenditures are based on budgets	0(0%)	0(0%)	0(0%)	17(34%)	33(66%)
In this corporation irregularities in financial management are promptly reported	0(0%)	5(10%)	10(20%)	17(34%)	18(36%)
NWSC has ever experienced shortage of funds due poor accountability	0(0%)	9(18%)	22(44%)	10(20%)	9(18%)
Accountability reports are prepared on time	4(8%)	5(10%)	5(10%)	18(36%)	18(36%)
The corporation normally experience misappropriation of funds	5(10%)	5(10%)	22(44%)	14(28%)	4(8%)

Source: *Primary data*

Most of the respondents disagreed that all financial transactions of the corporation are properly documented represented by 32 (64%) whereas 18(36%) agreed that all transactions are properly documented. This implies that there is weak internal controls in terms of recording of transactions and this eventually lead to poor accountability because of the lack of proper records.

The corporation does not regularly review its expenditure against the approved budget represented by 41 (82%) of the respondents and only 9(18%) agreed that the corporation. This implies that spending is done without reference to budget and sometimes may lead to budget overruns and excess expenditure than what was budgeted.

The findings in the table above, shows that accountability reports are not prepared on time 41(82%) of the respondents who disagreed the accountability reports are prepared on time whereas 9(18%) agreed to the statement. The findings also reveal that the corporation as ever experienced misappropriation of funds by staff 10(20%).

In an interview with the respondents, the following challenges of accountability were revealed; failure to return accountability on time, emergency work due the nature of the corporation, delayed submission of reports, strict targets, delays in receiving receipts from suppliers and diversion of funds. The respondents suggested the following measures to overcome the challenges of accountability; everything to be in time, encourage monthly reporting on financial expenditures, follow budget provision, get receipts on time, accountability should be done on time and follow the PPDA procedure on how emergencies can be handled.

4.3.3 Participative decision making

Participative decision making is one of key elements which the researcher wished to establish. The findings obtained using a self administered questionnaire was presented in the able below;

Table 11: Participative decision making

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
Decisions making in NWSC are only carried out by top management	0(0%)	17(34%)	23(46%)	10(20%)	0(0%)
All staff in NWSC are involved in decision making	0(0%)	0(0%)	5(10%)	45(90%)	0(0%)
The lower staff are not involved in key decisions in NWSC	4(8%)	9(18%)	28(56%)	9(18%)	0(0%)
Sometimes the lower staff are not consulted during the decision making process	0(0%)	4(8%)	19(36%)	18(36%)	9(18%)

Source: *Primary data*

The findings in the table above shows that decision making is carried out by top management represented by 17 (34%) of the respondents who agreed, while 33(66) of the respondents disagreed. This implies that there is no participative decision making at National Water and Sewerage Corporation and therefore the ideals and lower staff are not considered in making important decision for the entire corporation.

Majority of the respondents 45 (90%) disagreed that all staff are involved in decision making and only 5(10%) disagreed. The findings further reveal that the lower staff are not consulted during the decision making process represented by 27(54%) whereas 23 (46%) of the respondents agreed that the lower staff are consulted during the decision making process. This implies that the agreed policies and outcomes of the decision making process are imposed on the lower staff without their input.

The respondents revealed the following benefits of participative decision making; improve working relationships between management and subordinates, improved performance, cooperation among employees, better building of projects, general acceptance of resolutions, better information for making informed decisions and improves employees' innovation and creativity.

However, participative decision has limitations as revealed by the respondents as; many ideas may not be done, lack of team work, leads to a lot of bureaucracy, the time it takes to get everyone opinion, increased expenses to the corporation and so many ideas may not be effected. The following measures were suggested to overcome the limitations of participative decision making; prepare plans earlier enough, empowering of staff and sensitise staff about the need for participative decision making.

4.3.4 Functions of the governing body at NWSC

NWSC has a governing body (Board of governors) which is entrusted to perform the following functions; policy making and decide the policies and strategies to be followed by the corporation in achieving its set objectives and carrying out its functions; to ensure that the corporation and the managing directors perform their functions and exercise their respective powers in a proper, efficient and economical manner, in accordance with the policies and strategies established by the board (The NWSC Act, 1995 Chapter 317)

4.4 Performance of National and Sewerage Corporation

The researcher was interested in establishing the performance of National Water and Sewerage Corporation. This was limited to four main performance measures as presented in the following sections.

4.4.1 Geographical coverage

The findings regarding the geographical coverage as a performance were presented in the table below for analysis.

Table 12 : Geographical coverage

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
NWSC is the only source of water in Uganda	8(16%)	9(18%)	19(38%)	14(28%)	0(0%)
All towns in Uganda access water from NWSC	0(0%)	12(24%)	24(48%)	5(10%)	9(18%)

Source: Primary data

The findings presented in the above, table NWSC is only source of water represented by 17 (34%) of the respondents who agreed, while 33 (66%) disagreed. These findings are partly true for only big towns in Uganda like Kampala, Jinja and Entebbe, but for small and up country towns NWSC is not source of water. This therefore reveals that there are sources of water in Uganda.

Most of the respondents disagreed about whether all towns in Uganda access water from NWSC represented by 38 (76%) and only 12 (24%) agreed that all towns access water from NWSC. This implies the geographical coverage of National Water and Sewerage Corporation is limited to towns and thus a lot is desired to cover all parts and towns in Uganda and an indicator poor performance in regard to geographical performance measure.

In an interview with the key informants using the interview guide, the respondents revealed that have limited a wide coverage of National Water and Sewerage Corporation services were revealed as; finance resources to facilitate the coverage, lack of developed systems, increased costs of investment in infrastructure, limited water sources, limited resources for wide expansion and huge investment required in infrastructure

The respondents suggested measures to enable NWSC overcome the above limitations as; support from donors and government to look into it, government should intervene, involvement of donor communities, seek a lot of donor funding, protect the current water sources from pollution and the ministry should acquire the water systems.

4.4.2 Quality water and services

Establish the quality of water and other services of National Water and Sewerage was one of the performance measures. The findings were presented in the table below;

Table 13: Quality of Water and Services

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
NWSC provides clean water to clients	0(0%)	4(8%)	14(28%)	9(18)	23(46%)
NWSC provides timely response and has maintained good relationship with its clients	0(0%)	9(18%)	4(8%)	13(26%)	24(48%)
NWSC provides cheap water/service to its clients	5(10%)	0(0%)	0(0%)	13(26%)	32(64%)
Clients have always complained about the quality of water provided by NWSC	4(8%)	13(26%)	4(8%)	19(38%)	10(20%)

Source: Primary data

Most of the respondents 37 (74%) disagreed that NWSC provides clean water to its clients whereas only 4 (8%) agreed that NWSC provides clean water to its clients. This implies water supplied by NWSC is not 100% safe for human consumption. The clients have always complained of the quality of water and services represented by 17 (34%) of the total respondents.

The findings in the table above, also shows that NWSC does not provide timely response and maintain good relationships with its clients as revealed by most of the respondents 37(74%) whereas 9(18%) agreed and only 4 (8%) of the respondents were not sure. This implies that complaints take long time to be resolved an indicator of poor customer relationship and customer service. This in the long run may lead to poor corporate image and reputation before the general public.

The factors contribute to poor quality water were revealed by the respondents using the interview guide as; delay in supply of materials procured, deteriorating raw water supply, post contamination of water, poor waste disposal by communities into lake Victoria, old pipe network in some areas, over polluted water sources, un reported water bursts and leakages that allow contamination and poor quality of raw materials. However the respondents suggested the following measures to improve on the quality of water supplied by NWSC; procured materials

should be supplied on time, engage other stakeholders in the catchment areas, replace old water pipes, protect water sources, treat and provide alternative waste disposal mechanisms, report all bursts and leakages on time, clean home water tanks and intake plant installed at less polluted locations.

4.4.3 Workforce efficiency

Table 14: Work force efficiency

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
Employees of NWSC work for long hours due commitment to its clients	9(18%)	8(16%)	4(8%)	24(48%)	5(10%)
Employees of NWSC do not meet their targets	4(8%)	18(36%)	4(8%)	10(20%)	14(28%)
Employees productivity in NWSC is low	5(10%)	24(48%)	0(0%)	13(26%)	8(16%)

Source: *Primary data*

According to the findings of the study presented in the table above, most of employees of NWSC do not work for long ours 33 (66%) disagreeing with the statement whereas 17(34%) agreed that employees work for long hours. This probably explains the reason why most of the employees do not meet their set targets.

The findings further reveals the productivity of employees of National Water and Sewerage corporation is low represented by 29(58%) whereas 21(42%) of respondents disagreed the productivity of employees is low. This implies that employees at the corporation are not efficient and this is likely to be having an adverse effect on the performance of the corporation.

The main causes of workforce inefficiency were revealed as; low motivational incentives, low pay to staff and inadequate facilitation.

4.4.4 Cost efficiency

Table 15: Cost efficiency

Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
The costs of operations for NWSC are high	10(20%)	15(30%)	4(8%)	9(18%)	12(24%)
NWSC sometimes experience excess expenditure over revenues	0(0%)	23(46%)	18(36%)	4(8%)	5(10%)
The actual expenditures sometimes exceeds the budgeted during a given period	0(0%)	27(54%)	4(8%)	5(10%)	14(28%)
NWSC normally experience cost overruns	0(0%)	9(18%)	10(20%)	21(42%)	10(20%)

Source: Primary data

Most of the respondents 25(50%) agreed that the corporations of NWSC are high whereas 25 (50%) disagreed that the costs of operations are high. The findings further reveal tat sometimes the actual expenditure exceeds the budgeted, 27(54%) and 23(46%) disagreed.

The findings also reveal that the corporations sometimes experience excess expenditure over revenue/funds represented by most respondents 23(46%) who agreed whereas and only 27 (54%) disagreed. This implies that the corporation sometimes experience cost overruns and deficit budgets.

The main causes of cost overruns were revealed as; poor budgeting, economic changes and price fluctuations, polluted water sources requiring importation of expensive of raw materials and expensive infrastructural equipment.

4.4.5 Summary of the evidence of performance of NWSC

The performance of NWSC has not been satisfactorily over the years; lot is still desired in terms of geographical coverage, customers and quality of water, cost and employees efficiency. NWSC has total network coverage of 7,691 kms of water mains extensions and 465.8kms of sewer

connection. Service coverage increased from 73% in 2008/09 to 74% in 2009/2010 (1% only) in a whole year (NWSC Annual Report, 2009/2010).

The growth rate of water productivity reduced from 5.1% in 2004/2005 to 1% in 2005/2006; also from 8.7% in 2008/2009 to 4.3% to 2009/2010. In regard to the physico-chemical properties, 89% of all the final water, reservoir and distribution samples from all Areas met the National Drinking Water Standard (NDWS) (NWSC Annual Report, 2009/2010).

Total cumulative collections as at June 2010 amounted to Shs 122.28 billion (including Government Arrears + VAT) compared to billings of Shs.121.95 billion and indicator of employee's inefficiency and billings weaknesses. In terms of costs there was an increased in costs from 75,207 millions in the financial year (FY) 2008/2009 to 86,804 in FY 2009/2010 (NWSC Annual Report, 2009/2010).

4.5 Relationship between Governance and Performance

Establishing the relationship between good governance and performance was one of the objectives of the study. This was looked at basing on sub variables of good governance on the performance as sown in the following subsections.

4.5.1 Transparency and performance

Table 16: Transparency and performance

Response	Frequency	Valid Percent	Cumulative Percent
Agree	23	46.0	46.0
Not sure	9	18.0	72.0
Disagree	4	8.0	82.0
Strongly disagree	14	28.0	100.0
Total	50	100.0	

Source: Primary data

The findings in the table above reveals that most of respondents agreed that transparency contributes to performance represented by 23(46%), whereas 27 (54%) disagreed. This implies

transparency has an influence on the performance of the corporation. For the corporation to improve on performance managers need ensure transparency in respect of honest, information provided being reliable and openness of management and board of directors

4.5.2 Accountability and performance

Table 17: Accountability and performance

Response	Frequency	Valid Percent	Cumulative Percent
Agree	31	62.0	62.0
Not sure	5	10.0	72.0
Disagree	5	10.0	82.0
Strongly disagree	9	18.0	100.0
Total	50	100.0	

Source: Primary data

Majority of the respondents 31(62%) agreed that accountability affects the performance of the corporations, 19 (38%) disagreed that accountability affects the performance of the corporation. Basing on the findings it therefore means that there is a significant linear relationship between accountability and performance. This implies accountability influence performance and indicator a positive correlation between the two variables that accountability and performance.

4.5.3 Participative decision making and performance

The findings about the relationship between participative decision making and performance are presented in the table below;

Table 18: Participative decision making and performance

Response	Frequency	Valid Percent	Cumulative Percent
Agree	5	10.0	10.0
Disagree	27	54.0	64.0
Strongly disagree	18	36.0	100.0
Total	50	100.0	

Source: Primary data

According to findings in the table above, majority of the respondents 45(90%) disagreed that participative decision making contributes to performance of corporations whereas only 5 (10%) agreed that participative decision making contributes to the performance of corporation. This implies participative decision making insignificantly affects corporation performance. This could be true because of the limitations of participative decision.

4.6 Extent of the relationship between governance and performance

4.6.1 The influence of transparency on performance NWSC

Statistical analysis was further conducted on influence of transparency on performance using Pearson correlation coefficient and the results were presented in the table below;

Table 19: The influence of transparency on performance NWSC

		Participative decision making	Performance of NWSC
Participative decision making	Pearson Correlation	1	.625(**)
	Sig. (2-tailed)	.	.000
	N	50	50
Performance of NWSC	Pearson Correlation	.625(**)	1
	Sig. (2-tailed)	.000	.
	N	50	50
** Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

The findings in the table above shows Pearson's correlation coefficient $r = 0.625^{**}$ generated from the statistical analysis with the $p\text{-value} = 0.000 < 0.01$ implying that there is a significant positive correlation between transparency and performance ($r = 0.745^{**}$, $p = 0.000 < 0.01$). This implies a linear relationship between the two variables. This means that if the transparency is highly practiced through openness, honesty and reliability of financial reports and disclosures leads to improvement in performance measures of geographical coverage, cost efficiency, workforce efficiency and quality of waters ad customer service. Therefore, the correlation results indicate that accountability has positive significant relationship with performance since 0.000 is less than 0.01 which is the accepted level.

4.6.2 The influence of accountability on performance of NWSC

Correlation were generated using Pearson's correlation coefficient test during the study to assess the influence of accountability on performance and the results generated were presented in the table below;

Table 20: Influence of accountability on performance

		Accountability	Performance of NWSC
Accountability	Pearson Correlation	1	.785(**)
	Sig. (2-tailed)	.	.000
	N	50	50
Performance of NWSC	Pearson Correlation	.845(**)	1
	Sig. (2-tailed)	.000	.
	N	50	50
** Correlation is significant at the 0.01 level (2-tailed).			

Source: Primary data

The findings in the table above shows that Pearson's correlation coefficient $r = 0.845^{**}$ generated from the statistical analysis with the $p\text{-value} = 0.000 < 0.01$ implying that there is a strong positive correlation between accountability and performance ($r = 0.845^{**}$, $p = 0.000 < 0.01$). This implies a linear relationship between the accountability and performance. Therefore, the correlation results indicate that accountability has a positive significant influence on performance of NWSC since 0.000 is less than 0.01 which is the accepted level.

4.6.3 The influence of participative decision making and performance NWSC

To assess the extent to which participative decision making effort influence performance of NWSC, Pearson's correlation coefficient test was used during the study and the results generated were presented in the table below;

Table 21: Influence of participative decision making on performance

		Participative decision making	Performance of NWSC
Participative decision making	Pearson Correlation	1	.425(**)
	Sig. (2-tailed)	.	.000
	N	50	50
Performance of NWSC	Pearson Correlation	.425(**)	1
	Sig. (2-tailed)	.000	.
	N	50	50

** Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

From the table above the Pearson's correlation coefficient $r = 0.425^{**}$ generated from the statistical analysis with the $p\text{-value} = 0.000 < 0.01$ implying that there is a mild positive correlation between participative decision making and performance ($r = 0.425^{**}$, $p = 0.000 < 0.01$). This means that the participative decision making still low evidenced by limited participation of all staff in decision making at NWSC. However, the correlation results indicate participative decision making has a mild but positive relationship with performance since 0.000 is less than 0.01 which is the accepted level.

4.7 Challenges faced by National Water and Sewerage Corporation Uganda

The researcher probed further to establish the challenges faced by NWSC, the responses obtained using the interview guide and research questionnaire were presented below; cost of materials for connecting water across the country, duplicate and poor quality materials, poor payment culture in the past payment system, funding limitation for major system works, non payment of customers, illegal water use, inflation leading to increased costs of material and operations and expansion of the population.

However, the respondents suggested the following measures to overcome the challenges faced by NWSC; government bodies/institutions to pay in time, customers should be encouraged to pay water bills promptly, illegal water use should be stopped, lobby with development partners for funding, and install prepayment meters and system.

4.8 Chapter summary

This chapter presented the findings of the study basing on the specific objectives. The chapter also looked at governance practices in NWSC in respect of transparency (honest, openness and reliability) accountability and participative decision making. Performance (geographical coverage, customer service and quality, employees and cost efficiency) of NWSC was presented and analysed using percentage tables and finally cross tabulation was performed using SPSS software to ascertain the relationship between governance components and performance of NWSC. The findings revealed that there is a positive correlation between governance practices and performance of NWSC.

CHAPTER FIVE
SUMMARY OF THE FINDINGS AND DISCUSSION, CONCLUSIONS AND
RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings and discussions of the findings basing on the objectives of the study, conclusions, the researcher recommendations and finally areas for further research.

5.2 Summary of the study findings

The summary of the findings of the study was based on the specific objectives as cited in chapter one.

5.2.1 Findings on Governance Practices

The findings revealed that the Board of Directors does not openly share corporation information with management team (82%). This implies that there is no openness in the corporation. The findings of the study on transparency are in contradiction with Schnackenberg et al. (2014), who pointed out that transparency is evidenced through intentional sharing of information from a sender to intended recipients and across management levels for decision making purposes. In support of this transparent system facilitates accountability, participation and predictability of outcomes (ADB, 2005). Marshall (2002) also adds that the most obvious way to ensure that corporations are transparent is a full disclosure about their activities, which will enhance public trust.

It was also found out that the process of awarding contracts to suppliers for goods and services is not open to the public (72%). This implies that lack transparency in the procurement process and violation of PPDA regulations which govern procurement process in public corporations and thus contracts may be award to incompetent companies that may not deliver ad quality goods and services.

According to the findings of the study not all corporation staff members properly accounts for the funds advanced. Basin on this it can be presumed that there is poor accountability of funds at the corporation and possibility of case of fraud and misallocation and misappropriation of fund.

The study found out that the Board of Directors of National Water and sewerage corporation (NWSC) does not typically act in the best interest of the management team (72%). Also the findings further revealed that information provided in the financial statements can't be relied upon to make informed decisions (84%). This implies that the information provided in the income statement not reliable to be based on to make informed decisions.

It was also found out that not all financial transactions of the corporation are properly documented (64%). This therefore means weak internal controls in terms of recording of transactions and this eventually lead to poor accountability because of the lack of proper records. Also it was revealed that the corporation does not regularly review its expenditure against the approved budget (56%). Spending is done without reference to budget may lead to budget overruns and excess expenditure than what was not budgeted. Accountability reports at National Water and Sewerage Corporation are not prepared on time (72%).

The study revealed the following challenges of accountability; failure to return accountability on time, emergency work due the nature of the corporation, delayed submission of reports, strict targets, delays in receiving receipts from suppliers and diversion of funds. The respondents suggested the following measures to overcome the challenges of accountability; everything to be in time, encourage monthly reporting on financial expenditures, follow budget provision, get receipts on time, accountability should be done on time and follow the PPDA procedure on how emergencies can be handled.

Accountability of funds is key element and a requirement of governance of corporations. Kluver (2001) supports findings and argues that where there is inadequate accountability resources will be used inefficiently and ineffectively; thus, inadequate accountability can result in devastating consequences for millions of people and compromising the operations of an organization. Day and Klein (1987) contends with Kluver (2001) that financial accountability is the financial honesty and avoidance of fraud that makes sure that money is spent and recorded as agreed and according to appropriate rules and that accurate reports are given to stakeholders in a timely manner.

Decision making is carried out by top management (34%) and National Water and Sewerage Corporation (NWSC). This implies that there is little participative decision making in the process and therefore, the ideals and lower staff are not considered in making important decision for the entire corporation. Not all staffs of the corporation are involved in decision making process (90%) and consulted during decision making process (54%). This means that the agreed policies and outcomes of the decision making process are imposed on the lower staff without their input. These findings on participative decision making in NWSC are not in line Cotton et al. (1988), who pointed out that the format of participative decision making, could be formal or informal and in addition, the degree of participation could range from zero to 100% in different participative management stages. The author further suggests that participative decision making is one of many ways in which a corporation can make decisions including; investment, financing, dividends and working capital management decisions.

In support of participative decision making Brenda (2001) participatory decision-making can have a wide array of organizational benefits included but not limited to; job satisfaction, organizational commitment, perceived organizational support, organizational citizenship behavior, labor-management relations, job performance and organizational performance and improved corporation profits.

The study found out the following limitations of participative decision making as; many ideas may not be implemented, lack of team work, leads to a lot of bureaucracy, the time it takes to get everyone opinion, increased expenses to the corporation and so many ideas may not be effected. However, the following measures were suggested to overcome the limitations of participative decision making; prepare plans earlier enough, empowering of staff and sensitise staff about the need for participative decision making.

5.2.2 Findings on performance of National Water and Sewerage Corporation

NWSC is only source of water (34%) which is partly true for only big towns in Uganda like Kampala, Jinja and Entebbe. The study also revealed that not all towns in Uganda access water from National Water and Sewerage Corporation (NWSC) (48%). This means the geographical coverage of National Water and Sewerage Corporation is limited to towns and thus a lot is desired to cover all other parts and towns in Uganda and an indicator of poor performance in regard to geographical performance measure.

These findings on geographical coverage of NWSC services are in line with NWSC Annual Report (2009/2010). NWSC has total network coverage of 7,691 kms of water mains extensions and 465.8kms of sewer connection. Service coverage increased from 73% in 2008/09 to 74% in 2009/2010 (1% only) in a whole year. The total number of water connections at 30th June 2010, stood at 246,259, while the total number of sewer connections as at June 2010 was 15,561. These numbers are small compared to the total demand and population in Uganda that requiring water connections. The total number of subscribers increased by 9% only from 225,932 to 246,259 as at end of June 2010. The growth rate of water productivity reduced from 5.1% in 2004/2005 to 1% in 2005/2006; also from 8.7% in 2008/2009 to 4.3% to 2009/2010 which represents approximately 50% in one given year (NWSC Annual Report, 2009/2010).

The factors that affect the geographical coverage were revealed as; financial resources to facilitate the coverage, lack of developed systems, increased costs on investments in infrastructure, limited water sources, limited resources for wide expansion and huge investment required in infrastructure. The study further revealed the measures to overcome the above limitations as; support from donors and government to look into it, government should intervene, involvement of donor communities, seek a lot of donor funding, protect the current water sources from pollution and the ministry should acquire the water systems.

It was also found out that water supplied by NWSC is not 100% safe for human consumption. The clients have always complained of the quality of water and services (34%). National Water and sewerage Corporation does not provide timely responses to maintain good relationships with

its clients (74%). This means that complaints take long time to be resolved an indicator of poor customer relationship and customer service.

These findings are similar with NWSC Annual Report (2009/2010) regarding the quality of supplied by NWSC for example in regard to the physico-chemical (aesthetic) properties, 89% of all the final water, reservoir and distribution samples from all Areas met the National Drinking Water Standard (NDWS) for colour (apparent) of maximum 15 PtCo units ((NWSC Annual Report, 2009/2010).

The factors that contribute to poor quality water were revealed by the respondents using the interview guide as; delay in supply of materials procured, deteriorating raw water supply, post contamination of water, poor waste disposal by communities into lake Victoria, old pipe network in some areas, over polluted water sources, un reported water bursts and leakages that allow contamination and poor quality of raw materials. However the respondents suggested the following measures to improve on the quality of water supplied by NWSC; procured materials should be supplied on time, engage other stakeholders in the catchment areas, replace old water pipes, protect water sources, treat and provide alternative waste disposal mechanisms, report all bursts and leakages on time, clean home water tanks and intake plant installed at less polluted locations.

The study found out that most of employees of NWSC do not work for long hours (58%) and their productivity is low (58%). The main causes of workforce inefficiency were revealed as; low motivational incentives, low pay to staff and inadequate facilitation.

Similarly according to NWSC Annual Report (2009/2010), staff productivity only improved from 6 to 7 staff per 1,000 connections in FY 2009/2010 as compared to the FY 2008/2009. In addition, debt collection effort is poor evidenced by accumulated accounts receivable debts which majorly results from work force inefficiency in the accounts and finance/credit department. Total cumulative collections as at June 2010 amounted to Shs 122.28 billion (including Government Arrears + VAT) compared to billings of Shs.121.95 billion (NWSC Annual Report, 2009/2010).

It was revealed that the corporation's operation costs are high (50%). The corporation sometimes experience excess expenditure over revenue/funds represented by most respondents (46%). The main causes of cost overruns were revealed as; poor budgeting, economic changes and price fluctuations, polluted water sources requiring importation of expensive of raw materials and expensive infrastructural equipment.

The findings are supported by NWSC Annual Report (2009/2010), there was increased costs from 75,207 millions in the financial year (FY) 2008/2009 to 86,804 in FY 2009/2010. This had an impact on the net surpluses. The increased cost can be translated into cost inefficiency and control by the corporation's responsible employees. In line wit findings Kalibbala (2011) pointed out that NWSC has been experiencing high production cost. The author attributed the high costs of production to the turbulent macroeconomic variations i.e. inflation and exchange rate changes, coupled with the increasing electricity costs, fuel for areas where power outage is the norm.

5.2.3 Findings on the relationship between governance and performance of National Water and Sewerage Corporation

The study found out that transparency contributes to the corporation performance (46%). This implies transparency has an influence on the performance of the corporation. For the corporation to improve on performance managers need to ensure transparency in respect of honest, information provided being reliable and openness of management and board of directors.

The findings are supported by Wruck and Wu (2008), transparency is a necessary element of financial stability and governance in both public and private corporations. The author adds that lack of transparency may adversely affect corporation financial performance, stability and integrity of entire financial system in a corporation. Corporations that do not adopt good transparency and information disclosure policies may suffer agency costs (Jensen & Meckling, 1976). Therefore, corporations that are able to control and reduces the agency costs by increasing corporate transparency; might also be able to increase the stakeholder's value and improve other performance measures.

Accountability significantly influences the performance of the corporation (62%). Basing on the findings it therefore, means that there is a significant linear relationship between accountability

and performance. This implies accountability influence performance and an indicator of a positive correlation between the two variables that is accountability and performance.

Similarly Gale (2003), accountability gives public corporations and other not-for-profit organizations legitimacy and credibility, contributes to their reputation and adds to their sustainability. In support with the findings, Day and Klein (1987) argue accountability limits fraud and mismanagement of financial resources.

The study also revealed that participative decision making insignificantly contributes to performance of corporations (10%). This could be true because of the limitations of participative decision. In support of the findings Brenda (2001) points out that by sharing decision-making with other employees, participants may eventually achieve the organizational objectives that influence them. The author further adds that the relationship between participative decision making and corporation performance is viewed from the benefits of participative decision making which include among others; job satisfaction, corporation commitment and performance, perceived organizational support, job performance and improved achievement of set goals and objectives.

The study found out that there is a positive correlation between transparency performance ($r = 0.625$). This implies a linear relationship between transparency and performance of NWSC.

The statistical analysis further revealed there was a high positive correlation between accountability and performance of ($r = 0.785$). Where participative decision making as a component of good governance showed a mild correlation ($r = 0.425$) on performance of NWSC. Comparing the three sub variables of good governance that is transparency, accountability and participative decision making; accountability significantly influence the performance of National Water and Sewerage Corporation.

5.3 Conclusions

Findings on the relationship between good governance variables especially transparency and accountability indicated significant positive relationship. Transparency and accountability as aspects of good governance had a significant positive effect on the performance of National Water and Sewerage Corporation.

Policy and decision making in public corporations is important in contributing to financial performance. According to this study the relationship between participative decision making and performance was mild implying that it insignificantly influences the performance of National Water and Sewerage Corporation.

Public corporations require the use of contingency measures to improve on the effectiveness of good governance. The conclusion drawn from the findings between good governance and performance is that transparency, accountability and participative decision making do contribute to performance of public corporations through proper accountability of funds, reliability of financial statements which are supposed to be dependable during decision making. This is possible through performing board roles and managing contingency.

The researcher therefore contends with the study findings that good overnice Governance positively contributes to financial performance of public corporations through transparency, accountability and participative decision making supported and board effectiveness. It is worthwhile concluding that there is a significant positive relationship between good governance and performance of National Water and Sewerage Corporation. Good governance of public corporations through transparency, accountability and participative decision making will make it easier for it to operate more efficiently, profitably and effectively because both it's the top management and other staff always feel real owners who exercise governance, which influences personal interest to ensure that the corporation is governed well in expectation of benefits accruing from good governance

5.4 Recommendations

Basing on the findings of study, the following recommendations were for the National and Sewerage Corporation to improve its governance and performance.

- The board of directors should improve on information sharing and dissemination across all the board members and key stakeholders. This will improve on decision making in the corporation regarding budgeting, service delivery and performance.
- The process of bidding for contract of supply of goods and services should be open to the general public to ensure competitiveness in the selection of competent supplier of good and services. The procurement and disposal unit at NWSC should strictly follow PPDA procurement procedure to identifying suppliers and awarding contracts.
- The staff responsible for funds/finances should on a timely basis make accountability of the funds allocated to them. This will act at as a fraud detection tools and improve service delivery by NWSC. Also the corporation should improve on internal controls and accounting system by capturing all financial transaction that relates to its operations.
- The decision making process should involve all key stakeholders for example heads of departments, top management (BODs), operational managers, customers and staff from Ministry of Water and Natural resources. This will enable the corporation to make informed decision and enhance the outcome of the decisions and improve performance of the corporation.
- National Water and Sewerage Corporation should establish mechanisms to enforce proper governance practices such as financial disclosure, honesty and transparency. It will automatically build a bond of trust with their numerous stakeholders including customers, society, and government among others. Some of these stakeholders especially donors will in turn provide financial support to enable the corporation carry out its operations.
- National Water and Sewerage Corporation should extend its services to other towns and villages in Uganda as it was found out that its services are only limited to big towns. This

could be done sensitizing the public about water use and improving on wells and springs in villages. NWSC should improve on the quality of water by timely repair of water pipes, use of quality water pipes and acquisition of state of art of plants.

- The government of Uganda and Ministry of Water and Natural resources should increase of budget allocations/funds to NWSC to enable it carryout its operations and improve on service delivery to the public.
- The management should motivate employees to improve on their efficiency and productivity. This will eventually lead to performance of the corporations in terms of collection of revenues, response to customers and water connections in the operational areas.
- The corporation should re-design and strengthen further its good governance practices to ensure that there is proper accountability of funds, honesty among the top management, transparency and participative decision making. Also to improve on performance NWSC should introduce incentive scheme to be given to clients who pay their bills promptly.

5.5 Areas for further research

The study carried out was limited to establishing the relationship good governance and performance of public corporations in Uganda. Future researchers should carryout research in the following areas;

The current study was conducted on public corporations in Uganda which are funded by government; therefore there is need for a similar study to be carried out in private companies for comparison purposes.

Carry out a comparative study on the effect of good governance on performance of both private and public corporations in Uganda.

Exhaustively look at other factors and challenges that affect performance of public corporations in Uganda.

Future researcher should carry intensive comparative research on the relationship between credit policy management and performance of public corporations in Uganda.

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Appendix I: Questionnaire

Dear Respondent,

I am a student of Kyambogo University carrying an academic research on the **Effect of Good Governance and the Performance of Public Corporations in Uganda** taking the case of National Water and Sewerage Corporation. You have been selected to participate in the research by completing the questionnaire as per the instruction at the beginning of a given section. You are kindly requested to freely fill in the questionnaire. All your responses will be kept confidential and used for academic purposes only. Please, kindly endeavor to fill all the parts of the questionnaire.

Section A: Respondents' bio data

Please classify your responses by supplying appropriate facts about yourself as the case may be.

Tick your appropriate choice in boxes provided.

1. Gender of the respondent

Male Female

2. Age of the respondent

20 – 29 30 – 39

40 – 49 50 and above

3. Highest level of education of the respondent

Diploma Degree

Professional Masters

Others (specify)-----

4. For how long have you worked with National Water and Sewerage Corporation?

Less than 2 years

3 – 6 years

Above 6 years

5. Which department do you work in?

- Top management
- Accounts and finance
- Customer care
- Operations
- Procurement
- Human resource
- Sales and marketing

Section B: Transparency in National Water and Sewerage Corporation

Kindly specify the extent to which you agree or disagree with following statement in regarding transparency in NWSC

(Strongly Agree 5, Agree 4, Not sure 3, Disagree 2, Strongly disagree 1)

i) Openness

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	The Board of Directors openly share corporation information with the management team					
2.	The managers of the corporation share with stakeholders program progress reports					
3.	The managers of the corporation share with stakeholders financial reports					
4.	The person who represents this corporation in coordination meetings with donors and funders shares information with those who are concerned in the corporation					
5.	The process of awarding contracts to suppliers of goods and services for this corporation is open to the public					

ii) Honesty

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	This corporation 's staff members properly account for funds advanced to them					
2.	The staff of this corporation have faith in the integrity of the Board of Directors					
3.	The public believes in all the information released by officers of this corporation					
4.	Managers of this corporation have faith in the integrity of their colleagues					

iii) Reliability

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	The Board of Directors of this corporation typically act in the best interests of the management team					
2.	The management team of this corporation relies on the Board of Directors					
3.	Even in the most difficult situations the managers in this corporation can depend on each other					
4.	The information provided can be based on to make informed decisions					
5.	The information contained in the reports is dependable					

Section C: Accountability in National Water and Sewerage Corporation

Kindly specify the extent to which you agree or disagree with following statement in regard to accountability in NWSC

(Strongly Agree 5, Agree 4, Not sure 3, Disagree 2, Strongly disagree 1)

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	All financial transactions of this corporation are properly documented and recorded					
2.	There is adequate supervision of accountants in this corporation					
3.	There is an approval system for all transactions by the authorized managers of this corporation					
4.	This corporation has a system of regularly reviewing its expenditures against approved budgets					
5.	Audits are carried out regularly in this corporation					
6.	The corporation has got a system that capture both revenues and expenditures					
7.	The corporation expenditures are based on budgets					
8.	In this corporation irregularities in financial management are promptly reported					
9.	NWSC has ever experienced shortage of funds due poor accountability					
10.	Accountability reports are prepared on time					
11	The corporation normally experience misappropriation of funds					

12. What are the accountability challenges faced by managers in NWSC? Please kindly least them.

13. In your own opinion what measures should be in place to overcome the challenges identified above?

Section D: Participative decision making

Please kindly specify the extent to which you agree or disagree with following statement in regard to participative decision making in NWSC

(Strongly Agree 5, Agree 4, Not sure 3, Disagree 2, Strongly disagree 1)

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	Decisions making in NWSC are only carried out by top management					
2.	All staff in NWSC are involved in decision making					
3.	The lower staff are not involved in key decisions in NWSC					
4.	Sometimes the lower staff are not consulted during the decision making process					

5. What benefits do you think would accrue to NWSC if it allowed participative decision making? Please kindly list them.

6. In your own opinion what do you think limits participative decision making in NWSC? Please kindly list them.

.....
.....

7. What measures do you think should be put in place to overcome the challenges/limitations of participative decision making? Please kindly list them.

Section E: Performance of NWSC

Please kindly specify the extent to which you agree or disagree with following statement in regard to performance of NWSC.

(Strongly Agree 5, Agree 4, Not sure 3, Disagree 2, Strongly disagree 1)

a) Geographical coverage

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	NWSC is the only source of water in Uganda					
2.	All towns in Uganda access water from NWSC					

3. What factors have limited the geographical coverage of NWSC services in Uganda? Please kindly list them.

4. In your own opinion what measures should be put in place to overcome the above challenges?

b) Quality water/service

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	NWSC provides clean water to clients					
2.	NWSC provides timely response and has maintained good relationship with its clients					
3.	NWSC provides cheap water/service to its clients					
4.	Clients have always complained about the quality of water provided by NWSC					

5. In your own view, what factors do you think affect the quality of water provided by NWSC? Please kindly list them.

6. What measures do you think should be put in place to improve on the quality of water provided by NWSC? Please kindly list them.

c) Workforce efficiency

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	Employees of NWSC work for long hours due commitment to its clients					
2.	Employees of NWSC do not meet their targets					
3.	Employees productivity in NWSC is low					

4. In your opinion what factors hinders the workforce efficiency in NWSC?

5. What measures should be put in place to improve on the efficiency and productivity of employees in NWSC? Please kindly list them.

d) Cost efficiency

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	The costs of operations for NWSC are high					
2.	NWSC sometimes experience excess expenditure (over revenues (cash inflows))					
3.	The actual expenditures sometimes exceeds the budgeted during a given period					
4.	NWSC normally experience cost overruns					

5. In your own view what do you think are the major causes of cost overruns in NWSC?

6. What measures do you think should be put in place to manage and control costs in NWSC?

Section F: Relationship between good governance and performance of NWSC

Please kindly specify the extent to which you agree or disagree with following statement in regard to good governance and performance of in NWSC.

(Strongly Agree 5, Agree 4, Not sure 3, Disagree 2, Strongly disagree 1)

	Statement/variable	5:SA	4:A	3:NS	2:DA	1:SD
1.	Transparency affect the performance of NWSC					
2.	Accountability affect the performance of NWSC					
3.	Participative decision making affect the performance of NWSC					

4. In your own view what challenges are faced by NWSC in trying to provide service to its clients in Uganda? Please kindly list them.

5. What measures should be put in place to overcome the above list challenges?

End

Thanks for Your Cooperation