CORPORATE GOVERNANCE AND BOARD EFFECTIVENESS IN UGANDA BROADCASTING CORPORATION

BY

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DECLARATION

I **Osinde Opendi Walter,** declare that this is my original work and has never been submitted for the award of a Degree in any University or any other Degree awarding Institution. Any Material that is not original work has been clearly stated.

Signed:...

Date:.....21\12\2015...

APPROVAL

This is to certify that this Research has been submitted in partial fulfilment of the requirements for the award of the Degree of Master of Science in Organization, Public Policy and Management with our approval as University Supervisors.

Signed: ……………………………… Date: 22/12/2015

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DEDICATION

This Book is dedicated to my one and only wife Agnes K. Osinde, our Children Ernest Opendi and Amos Osinde who missed me most the times during studies.

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LIST OF ABBREVIATIONS

AIG	American International Group
AU	African Union
CACG	Commonwealth Association for Corporate Governance
CEO	Chief Executive Officer
DC	District of Colombia
EU	European Union
ICGN	International Corporate Governance Network
ICGU	Institute of Corporate of Governance of Uganda
ICPAU	Institute of Certified Public Accountants of Uganda
IGG	Inspector General of Government
NYSE	New York Stock Exchange
MD	Managing Director
OECD	Organization for Economic Cooperation and Development
UBC	Uganda Broadcasting Corporation
UCMA	Uganda Capital Markets Authority
UK	United Kingdom
UN	United Nations
USA	United States of America

ABSTRACT

The study examined the relationship between corporate governance and Board effectiveness in Uganda Broadcasting Corporation. The focus was on the effect of Board composition, size, and Board independence to ascertain the bearing on Board effectiveness in UBC performance so as to contribute to the insight and knowledge of corporate governance to the different parastatals and guide them on how to improve their corporate practices, avoid mistakes and address inherent corporate challenges.

A case study design was used involving a sample population of 85. Descriptive statistics were also used to derive percentage responses, while the Statistical Package for Social Scientists was used to derive Pearson correlation coefficients that were used to determine the relationships between the variables. The result revealed significant result in between variables.

72.8% 0f the respondent confirmed the significance of a Board in corporate governance in organization performance not only to UBC but as acceptable corporate norms of. Majority (75.3%) of the respondents revealed that in the three years when the Board was in abeyance, it had negative bearing in the state of the corporate governance of UBC. Furthermore the outcome revealed a small sized composed of members from various discipline, background and experience is well suited for a corporate entity like UBC, 81% of the respondents hold this view, 57.2% of the respondents revealed that there is some political interference in the governance of UBC. In overall, the correlation indicate significant relationship positive relationship between variables ranging from (r =0.781 to 0.973, P – value = 0.000), therefore consistent with the general purpose of the study, objectives and research questions.

CHAPTER ONE: BACKGROUND

1.0 Introduction

This Chapter is a presentation of the background to the study, statement of the problem, objectives of the study, research questions, conceptual framework, and significance of the study. The scope of study, definitions and limitation was also considered. The study examines the relationship between corporate governance and Board effectiveness in the performance of UBC so as to contribute to the insight and knowledge in corporate governance to other parastatals to improve on their corporate practices, avoid mistakes and address inherent corporate challenges.

1.1 Background to the Study

1.1.1 The concept of corporate governance

Millstein et al., 2012, defines corporate governance is a blend of law, regulation, and appropriate voluntary private-sector practices which enables the corporation to attract financial and human capital, perform efficiently, and thereby perpetuate it by generating long-term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole. Miring'u and Muoria (2011), it is both the promise to repay a fair return on capital invested and the commitment to operate a firm efficiently given investment from the perspective of the investor. They further state that the critical areas to be addressed by corporate governance can be easily described as, efficient, responsible, transparent and honest governance of economic entities, whether they are private or state owned, large, medium or small.Yet the Organization of Economic Corporation and Development - OECD (2010) defines corporate governance as a set of relationships between company's management, its Board, shareholders and other stakeholders. Yet the Australian securities exchange corporate governance council defines corporate governance as a system by which companies are set and achieved, how risk is monitored and assessed, and how performance is optimized. Good standards of corporate governance are essential if countries are to attract international investment.

1.1.2 How corporate governance works

According to OECD (2014), the corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders. The board has a set of key objectives and activities for each of these governance elements, which could be described as:

Governance: The board establishes structures and processes to fulfill board responsibilities that consider the perspectives of investors, regulators and management, among others. The board selects its members and leader(s) via an inclusive and thoughtful process, aligned with company strategy.

Strategy: The board advises management in the development of strategic priorities and plans that align with the mission of the organization and the best interests of stakeholders, and that have an appropriate short-, mid- and long-range focus. The board also actively monitors management's execution of approved strategic plans as well as the transparency and adequacy of internal and external communication of strategic plans.

Performance: The board reviews and approves company strategy, annual operating plans and financial plans. It also monitors management execution against established budgets as well as alignment with strategic objectives of the organization.

Integrity: The board sets the ethical tenor for the company, while management adopts and implements policies and procedures designed to promote both legal compliance and appropriate standards of honesty, integrity and ethics throughout the organization.

Talent: The board selects, evaluates and compensates the CEO and oversees the talent programs of the company, particularly those related to executive leadership and potential successors to the CEO. The board communicates executive compensation and succession decisions in a clear manner.

Risk governance: The board understands and appropriately monitors the company's strategic, operational, financial and compliance risk exposures, and it collaborates with management in setting risk appetite, tolerances and alignment with strategic priorities.

For some elements, the board's role could be thought of as one of active monitor, with the board understanding the operating models that are in place, determining such models are adequately developed and resourced, monitoring the output and any issues identified in the process.

1.1.3 Historical perspective of corporate governance

Corporate scandals involving fraud highlight a systemic problem that had to do with oversight of the reporting process itself this was triggered by the WorldCom and Enron incidents in the USA in the early 2000s. These crimes and their effects on investors continue to lead to calls for improvements in corporate governance from regulators, legislators and investment managers as well as investors themselves. In 1999, the New York Stock Exchange (NYSE) formed a Blue Ribbon Committee to study audit effectiveness and make recommendations for improvements. Additionally, the United States Congress passed the Sarbanes-Oxley Act in 2002. Several institutional investors have developed tools to screen companies on their oversight quality as have a number of public interest groups that support governance reform. Perceived deficiencies in governance quality direct attention to the board of directors' responsibility for fiduciary oversight. Through monitoring management's execution of a firm's strategic plans and reporting mechanisms, the board serves as a check on managerial action and holds executives accountable for their performance.

1.1.4 Corporate governance in Uganda

The Institute of Corporate of Governance of Uganda (2012), points out that many private sector firms in Uganda are family businesses, with appointees to the boards being handpicked or arbitrarily chosen, little consideration being given to their competence, integrity and technical ability to guide the enterprise. The end result has been many of the board members having limited understanding of their responsibilities and of related implications for the investment portfolios entrusted to them. At the same time a number of directors of public enterprises are political appointees often with low regard for the benefits of corporate governance. This negates the performance of these very boards in overseeing the corporations. And as a result, there is need to promote corporate governance so as to equip business executives with the knowledge and skills required to fulfill their leadership responsibilities in order to contribute to Uganda's economic growth. The Institute further notes that the experiences with bank failures, together with other corporate crises, have in many cases been associated with governance.

According to Wanyama et al, (2009), corporate listing on the securities exchange demands high standards of transparency and fair business practices, which are yet to be achieved by many key operators within Uganda's Enterprises.

Aim of UBC

Uganda Broadcasting Corporation (UBC) was born out of the merger of Uganda Television and Radio Uganda which came into being in 1963 one year after Uganda's independence. Its main aim was to broadcast through both media to the whole country. In 2005 the Parliament enacted the UBC Act that established the Uganda Broadcasting Corporation. The Act defines and clarifies the function and aims of UBC which among other things is to: to provide radio and television broadcasting services and broadcasting programmes that contribute to social economic development with emphasis on national unity in culture diversity; reflect government vision regarding the objective, composition and overall management of broadcasting services, to ensure indigenous programming and adopt foreign programmes to suite indigenous needs; acquire and apply modern broadcasting equipment and design a good organization structure and put in place responsive and skilled personnel in line with improvement technology.

1.2 Statement of the problem

Despite the critical role that the board plays in corporate governance, following the interdiction of the UBC Board in 2011, the functions vested on the Board by virtue of section 8 of the UBC Act 2005 had been stayed until the recent appointment of the new Board. The Permanent Secretary Office of the Prime Minister hitherto, appointed as an overseer had limited powers to discharge the function of the Board as per UBC Act 2005 section 8. The performance of the corporation had gaps due to lack of the Board to offer guidance, enact policies and accord strategic oversight. (*Auditor General's Report, 2013*). The study therefore aimed at examining corporate governance and Board effectiveness on the selected attributes such as Board composition, size and independence manifest in aspect effectiveness; quality of decisions, Policy enactment and oversight in UBC .

1.3 Purpose of the Study

The study examines the relationship between corporate governance and Board effectiveness in the performance of UBC.

1.4 Research Objectives

To analyze the effect of Board composition on Board effectiveness in the performance of UBC

To examine the relationship between Board size and Board effectiveness in the performance of UBC

To examine the relationship between Board independence on Board effectiveness on the performance of UBC

To analyze whether there is political interference in the corporate governance of UBC

1.5 Research Questions

What effect has Board the composition on Board effectiveness in the performance of UBC?

What relationship is there between Board size and Board effectiveness in the performance of UBC?

Is there relationship between Board independence and Board effectiveness in the performance of UBC?

Is there political interference in the corporate governance of UBC?

1.6 The scope of the study

1.6.1 Geographical scope

Uganda Broadcasting Corporation has transmission infrastructures in different parts of Uganda. The study though was conducted at Uganda Broadcasting House Kampala, Plot 17 to 19, Nile Avenue, where the Business of the Board and Management are carried out.

1.6.2 Time Scope

The study covered the period 2011 to 2014, thus before the Board was interdicted, after the interdiction and its role vested in the Permanent Secretary Office of the Prime Minister, and inauguration of the new Board.

1.6.3 Subject Scope

Corporate governance among other things involves:

To establish or affirm mission, offer Strategic Direction, Policy Formulation, Risk management, Managing transitional phases and critical events.

The focus of the research is on the Board composition, Board size, Board independence and political intervention, and their implication on Board Effectiveness. Reason being, these variables are at the heart of corporate governance and suspect in the context of UBC.

1.7 Significance of the Study

The study was intended to contribute to the insight and knowledge in corporate governance to other parastatals to improve on their corporate practices and avoid mistakes. It will enable UBC management and the Board to draw lessons and address the inherent corporate challenges. The study will also add to the stock of knowledge in Corporate Governance with focus on the Board compositions, oversight role and policy formulation to benefit the academia and the Institute of Corporate Governance of Uganda.

1.8 Definition of Key terms

Corporate governance is the Procedure and process according to which an organization is directed and controlled (Organization of Economic Corporation and Development, 2011). Tukuta (2012) defined it as the manner in which the power of a corporation is exercised in the stewardship of a corporation's total portfolio of assets and resources with the objective of maintaining and increasing shareholder value and satisfaction of other stakeholders in the context of its corporate mission. International Finance Corporation (2013) defined corporate governance as the structure and processes by which companies are directed and controlled. According to Nixton (2014), corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way a Corporation or Company is directed, administered or controlled.

Board Effectiveness is the ability of the Board to ensure that its strategic intents are robust and inspires the Management to keep in course and achieve the corporate goals. Thus being in position to do what it is supposed to do given its defined mandate (Nixon, 2014).

Board Oversight is the mechanism in place to ensure that management does not deviate from the strategic intents and goals of the corporation. In fulfilling its stewardship role, the board seeks to instill and foster a corporate environment founded on integrity and to provide management with sound guidance in pursuit of long-term corporate value (Millstein, 2012).

Enterprise resource planning is the set of broad activities that helps the organization to manage its Business.

Regulatory compliance is the adherence to laws, regulations, guidelines and specifications relevant to organization's business.

Risk exposure is a quantified loss potential of business. Risk exposure is usually calculated by multiplying the probability of an incident occurring by its potential losses.

Codes of Best practices are non-binding rules that go beyond the law, taking country specific conditions into account and often exceeding the standards set by international guidelines (OECD, 2014).

1.9 Conclusion

This chapter has tackled the background to the study bringing out the key attributes to governance effectiveness and critical elements of organization's governance program, barriers to Board effectiveness and techniques of addressing it. The statement of the problem, the purpose of the study and the objectives among other things have brought out too. The next chapter reviews literature relating to the statement of the problem and the objectives.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter presents the theoretical foundation for the study, a critical review of the available literature that is written and published by various authors on the concepts of corporate governance and Board effectiveness with emphasis on Board composition, size, and strategic oversight addressed as key corporate governance attributes that contribute to best practices in corporate governance. Scholarly views of what is desired to improve the corporate governance system have been considered. Other researchers have carried out surveys on the subject of the study in different angles and where necessary there work aided the conceptualization and to avoid duplication of what is already done.

2.1 Theoretical Review

According to Wanyama et al (2009), the objectives pursued by shareholders and corporate managers tend to be differing and contradictory with regards to their own interests. Consequently, this has nurtured the conception of a wide spectrum of approaches and processes to make sure that the cost resulting from these conflicting interests is minimized to some extent. One of the compromises that have been given birth to address this divergence is corporate governance. Wanyama et al (2009) further reveals fascinating insight into emerging issues in corporate governance in one African economy. The corporate governance codes in Uganda were established in reaction to corporate failures, with the first principles for good corporate governance published in 2003 by the Uganda Capital Markets Authority (UCMA 2003). Although the guidelines themselves are excellent, there are many persistent problems which hinder the establishment of good corporate governance in practice.

Burton et al (2009) stated 'one size does not fit all' problem is not restricted to the EU, but is relevant to countries across the globe. There are particular difficulties in establishing codes of practice for corporate governance in developing economies, where corporate governance combines with political, economic, cultural and other factors. However, as stressed by OECD (2010), good standards of corporate governance are essential if countries are to attract international investment.

2.1.1 Agency Theory

Hamid (2011) stated that the agency theory is viewed as the most prevalent when it comes to the issue of the theoretical background of corporate governance. Its initial development has as a starting point "The Modern Corporation and Private Property" introduced by Berle and Means (1932) as in the World Bank report (2014), often referred to as the 'Berle-Means Hypothesis'. The hypothesis underlined clearly that ownership and management are aloof. This is so due to the extreme form of ownership structure leading to dilution of ownership through increasing amounts of small holdings by individuals, worsening and complicating things when control and appointment of directors are concerned.

Further work carried out latter was more conclusive and led to what is known today as the agency theory, so as to grasp a good view of the significance of the separation of ownership and control and the agency costs defined as being "the sum of the cost of monitoring management (the agent); bonding the agent to the principal (stockholder/residual claimant); and residual losses". Put simply, there is a trade-off between managers' personal interests and shareholder value. As such, the ownership structure of an organization calls forth for a corporate governance framework to be adopted so that the agency costs are minimized and firm's value maintained.

2.1.2 Stakeholder Theory

UK Essay (2014), citing Freeman (1984), noted that the agency theory considers only how the concept of corporate governance helps the shareholders in preventing management to pursue their own interests and goals. It does not extend to the interests of the other parties related to a company. Thus, other studies have come forward and the focus has changed from directors' responsibilities to include other interest groups like employees, creditors and governments. This approach is commonly referred to as the stakeholder theory.

The plea that it seeks to remedy relates to the purpose and aim of the firm itself. Indeed, Freeman et al as per UK Essay 2012 edition underlined that the diagnosis of the firm's objective is the fulcrum point of its intrinsic activities. In truth, this contemplation of the various constituents of the corporate entity is congruent with both the transaction costs and incomplete contract theories of the firm whereby Jensen and Meckling (1976) as cited in the World Bank report (2014), considered the firm as a "nexus of contracts". For instance, equity holders would like their investment, though risky, to be undertaken in high bearing, whilst debt holders would avert projects like that. However, some have laid emphasis on the role of non-market mechanisms in their thorough approach of the theory to corporate governance, arguing that the size of the board and the structure of board committees are of utmost importance not only for good governance practices but also for firm performance.

The rejection of the stakeholder theory has been experienced and disputed as snatching the owners' rights of determining how their property should be used. In fact, the tenet of a researcher reads as follows: "the stakeholder theory is for those who like to be offered a free lunch, and enjoy the benefits of business without the discipline of business". Nevertheless, this preclusion of business ethics can be overlooked as the theory forms part of the core of corporate governance framework *(Shearman and Sterling, 2013)*

2.1.3 Stewardship Theory

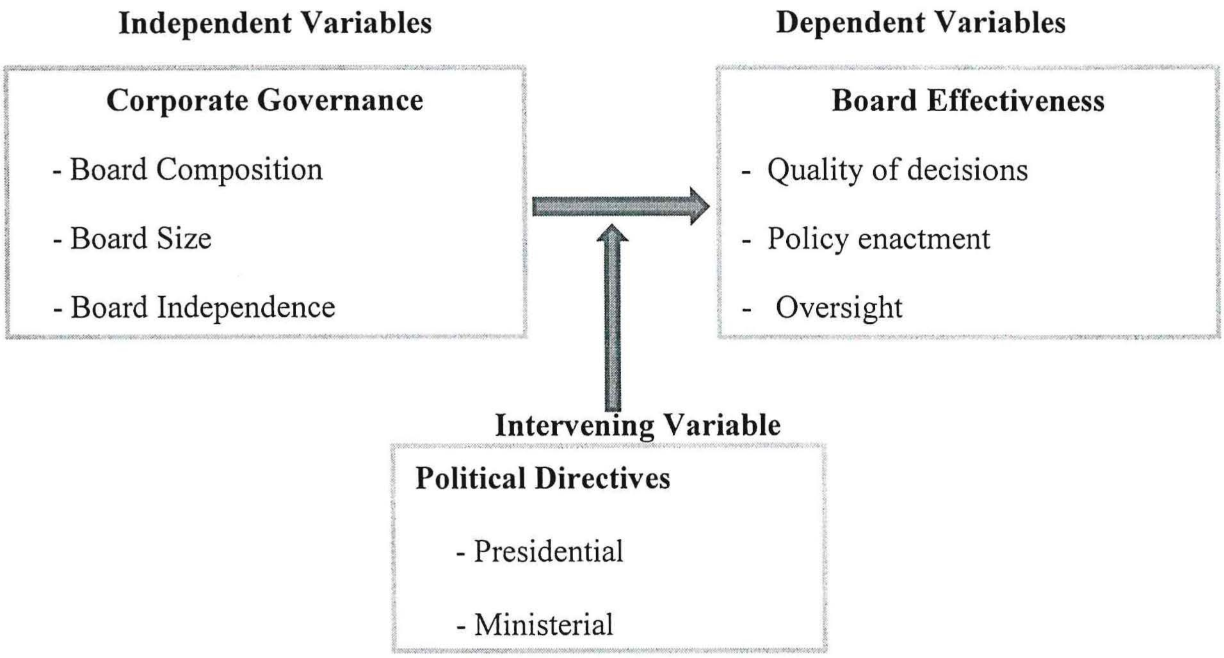
According to Hamid (2011) and UK Essay (2014), the stewardship theory stands apart from the principal-agent problem and its line of reasoning differs considerably from the narrow approach of the agency theory to corporate governance. In truth, managerial opportunism is not on the agenda and on top of that the theory posts that manager's foremost aim is to run the business in such a way so that firm performance is maximized. It is the pursuance of the firm's success that replenishes the utility managers, usually derives from the accomplishment of their own interests. The key aspect here is the introduction of an element of trust which is vital for the good conduct of business. Indeed, this has been clearly pointed out by Donaldson (1991) as cited in OECD (2010), whereby the stewardship theory "holds that there is no conflict of interest between managers and owners and that the desideratum of governance structure is to find an organizational structure that allows coordination to be achieved effectively".

According to Schoorman et al (1997) the stewardship theory recognizes that there are some fundamentals for ensuring good governance practices in an organization. One of the prime criteria concerns the board of directors whereby the participation of non-executive directors is viewed as a key role in improving board's effectiveness, decision-making and sustainability of the business. However, some are of the opinion that "the non-executive board of directors is, by its design, an ineffective control device" and empirically are adamant that "the whole rationale for having a board becomes suspect". Nevertheless, according to Nathan et al (2011), their importance should not be undermined as though they may not exert any influence on managers;

they may have a footing on the factions of the firm. Moreover, to enhance sound communication and spur decision making process, restrictions on board size is a must.

Finally, the stewardship theory disapproves separation of duties between the CEO and the chairperson, thereby avoiding needless administration, but which remains nonetheless a debatable issue. Thus what can be inferred from this theory is that the diversity and plurality of corporate board members is of paramount importance as this is the key in unlocking a wide span of corporate networks which will set off a chain reaction boosting the financial performance. Therefore, it is clear that through the application of different models, authors have endeavoured to explain the subject matter from different angles.

2.2 Conceptual Framework



Source: *Akodo (2007) as modified by the researcher*

Gavin and Geoffrey (2004) as cited in Akodo (2007) stated that corporate governance enhances financial performance. Through board roles and board effectiveness, corporate governance also leads to improved financial performance, while contingency moderates the link between board roles and board effectiveness. Corporate governance enhances board roles which further enhance board effectiveness and financial performance of organizations. Contextualizing UBC, political directives (Presidential and Ministerial) moderate the Board and effectiveness in respect to the key dimensions as regards quality of decisions, risk management and performance of management. This explains the scenario prior to the interdiction of the previous Board in 2011.
If board roles are enforced well, it leads to board effectiveness and thereby enhancing organizational performance in areas of deliverable like decisions, communication and oversight.

2.2.1 Board composition and Board Effectiveness

Aguinaga (2014) stated that the composition of a board of directors says a lot about its effectiveness. It pertains to the discipline, expertise, qualification and experience that each of the Board members may have. A board loses credibility if its objectivity and independence are compromised by material shortcomings in the checklist as regards talent, expertise and experience. Investors are poorly served by substandard governance practices.

Desender (2009) also pointed out that understanding the influence of the board of directors on firm performance requires greater sensitivity to how corporate governance affects different aspects of effectiveness for different stakeholders and in different contexts. The insights on the interaction between the ownership structure and board composition can shed new light onto the contradictory empirical results of past research that has tried to link board composition or structure to firm performance directly. In an effort to increase the relevance of future research on boards and firm performance, it is to provide a framework on the interaction between ownership, corporate boards and firm performance. Aguinag et al (2014) observed that although a growing amount of attention is being given to the diversity of the board, the key issues for the board remain the same. Subsequently, he poses these rhetorical questions:

Do we currently have the right mix of talent and expertise on the board?

And, do we have access to the top candidates in order to refresh the board's membership?

"Boards need to have a clear understanding of the expertise, experience, and other attributes they require of their directors. A well defined and regularly updated board 'profile' is an essential tool to use for recruiting and building an effective board." Balancing diversity and expertise maximizes board effectiveness in term of quality of decisions, risk governance and Strategic oversight. Scaly and Crowe (2014) noted that another good reason for refreshing the board is the danger of strategic direction stagnation, dictating the need for orderly and predictable change in board composition.

Scaly et al (2014) further adds that for any given company, there must be both management and a governing body that are up to the task of meeting current challenges. And while many of the requisite skills are the same year after year, corporate challenges continue to evolve that require new blood and fresh approaches. While the concept of refreshment is more readily applied to employees and management, there's a growing trend among investors and academics to apply it to boards as well. Shareholders want to ensure that the boards of the companies in which they own stock are capable of handling the leadership and governance demands of the current marketplace and that the highest standards of independence are being met. Today's board members are well aware they need to stay sharp.

The effectiveness of oversight is determined by the composition of the Board in respect to qualification of members, expertise and experience applied in choice of top management of a corporate entity. By policy the Board sets the tone and pronounces its expectations and premise upon which the management should run the corporate entity. However, it should be noted that people with different backgrounds bring alternative perspectives and thus may be more likely to voice dissenting opinions.

2.2.2 Board Size and Board Effectiveness

Nathan et al (2011) pointed out that, in the twelve steps to truly good corporate governance, the size of a board of directors is a very important factor in its capacity to be effective. They further add that a number of studies have determined that a board of more than 9-11 persons starts losing effectiveness and, if much larger, becomes essentially ineffective, except as a rubber stamp for management initiatives. Accordingly, Step Six is simply to constrain board size to not more than 10, and at most 12, and to not be afraid of smaller boards, if they can meet requirements for mandatory minimum independence requirements. However, a staff member of Investopedia (2009) holds view that there is no universal agreement on the optimum size of a board of directors. A large number of members represent a challenge in terms of using them effectively and/or having any kind of meaningful individual participation. According to the Corporate Library's study, the average board size is 9 members, and most boards range from 3 to 31 members. Some analysts think the ideal size is seven. It can be added that a large Board may tend to delay decision time frame which then boils down to ineffectiveness as opposed to effectiveness.

2.2.3 Board Independence and Effectiveness

Fundamentally boards are a mechanism for addressing the agency problem that exists in the separation of ownership and management in a company. While independent directors can contribute to board effectiveness in monitoring the actions of management, such directors may also have less information about the company and its business and hence be less effective in providing advice to management on strategy. Available literature has examined boards and corporate governance and whether board structures, in particular board independence, impact on firm performance (Hermalin et al, 2008). In particular, director networks and connections between independent directors and executive directors have emerged as a new way of board structures.

Corporate governance, and in particular, director independence is often a key focus for regulatory reform. In the wake of Enron's collapse in 2001, the Sarbanes-Oxley Act of 2002 (SOX) brought in changes to corporate governance and the listing rules on NYSE were tightened to require boards to have a majority of independent directors. Explaining director independence beyond the simple regulatory definitions can aid understanding of how boards operate. One key important feature of the director networks is that board members may satisfy the regulatory definition of an independent director, but may have connections that potentially conflict with that independence. Taking these additional connections into account provides new insights into board effectiveness. Recruitment and nominations, link to the strategic plan, profile of the current board, focused recruiting priorities and written member job description. Consideration of the underlying attributes of these tools and techniques can go a long way in turning around an ineffective Board into a high and effective performing Board.

Some implications of weaker corporate governance due to network connections are: higher compensation for CEOs, board adoption of options backdating practice and less likelihood for connected CEOs to be dismissed for poor performance. Desender (2009) shows that most codes have some recommendations on the following governance practices explicitly or implicitly; a balance of executive and non-executive directors such as independent non-executive directors, a clear division of responsibilities between the chairman and the chief executive officer, the need for timely and quality information provided to the board, and formal and transparent procedures for the appointment of new directors. Dashew (2009), point out that Board member should not accept compensation for anything other than board services i.e. no consulting, professional services or other business dealings with the company as supplier, financiers or customer. This prevents conflict of interest financially or biases based on those roles.

Scaly and Crowe (2014) stated that the board's role in shepherding strategic planning for future growth is imperative, particularly in an environment where competitive change happens quickly. During their study, a survey respondent agreed, saying, "Our board has put a strong focus on discussing our strategic plan with more regularity. We have a number of board members aging out over the next five years, which will create a nice opportunity to bring in fresh blood and some different skill sets." According to Dierks in Directors Alert (2014), organizations today should expect their strategic choices to be challenged at any time by any known or unknown stakeholder.

According to Yeoh (2010), a key priority of the board is embedding a strong risk management culture throughout the organization and overseeing the frameworks, policies and processes adopted to identify principal risks to the businesses and systems implemented to manage those risks. The board actively monitors the organization's risk profile relative to risk appetite and seeks to ensure that management's plans and activities provide an appropriate balance of return for the risks assumed and are prudently focused on generating shareholder value. He further added that the oversight function concerns the review of management decisions, the adequacy of systems and controls and the implementation of policies. In performing its role, the Board makes major policy decisions, participates in strategic planning, delegates to management the authority and responsibility for day-to-day affairs and reviews management's performance and effectiveness.

According to International Corporate Governance Network (2012), it is the responsibility of the Board to understand and explicitly approve the company's policies with regard to political lobbying and donations. This includes charitable donations and donations to trade associations or related third party organizations. Secondly, the Board should appreciate the legal and reputational risks associated with improper political activities and be responsible for oversight of political activity. This could be under the preview of Board corporate governance and risk management committee, and includes monitoring and approving political and related donations. Thirdly, in its monitoring the Board should ensure that lobbying and political spending do not reflect the narrow political preference of the company's executives that have little or no bearing on company's own commercial performance.

Adams et al (2010) stated that one role that is typically ascribed to the directors is control of the process by which top executives are hired, promoted, assessed, and if necessary dismissed. Assessment can be seen as having two components, one is monitoring of what top management does and the other is determining the intrinsic ability of top management. He further adds that the monitoring of managerial actions can, in part, be seen as part of a board's obligation to be vigilant against managerial malfeasance. Yet, being realistic, it is difficult to see a Board actually being in a position to detect managerial malfeasance directly; at best, a board would seem dependent on the actions of outside auditors, regulators, and in some instances, the news media. Indirectly, a board might guard against managerial malfeasance through its choice of auditor, its oversight over reporting requirements, and its control over accounting practices. At a theoretical level, there has been a question of how the board determines managerial ability and what it does with that information.

2.3 Board Criterion

This section took an in depth look at the evaluation of candidates, selection and assessment of effectiveness in regard to the Board in general, individual members and the tenure of the Board.

2.3.1 Evaluating candidates for the board

EU Green Paper (2011) points out that the committee considers all qualified candidates identified by members of the board, by management and by shareholders and maintains an evergreen list of potential candidates for the board. Nominees are selected for such qualities as integrity and ethics, business judgment, independence, business or professional expertise, international experience and residency, and familiarity with geographic regions relevant to corporate strategic priorities.

The Committee reviews each candidate's biographical information, assesses each candidate's integrity and suitability against criteria that have been developed by the committee in accordance with corporate guideline and ethical assessment of responsible persons policy, and conducts and considers the results of background checks and internal and external due diligence reviews.

This assessment involves the exercise of the committee's independent judgment. On the basis of this assessment, the committee makes recommendations to the board regarding potential director candidates. In this context, the committee considers among other things whether the candidate:

- has demonstrated, in personal and professional dealings, integrity, high ethical standards and commitment to the values expressed in corporate code of conduct;
- is likely to take an independent approach and provide a balanced perspective;
- has specific skills, expertise or experience that would complement those already represented on the board;
- has a history of achievements that demonstrates the ability to perform at the highest level and that reflects high standards for himself or herself and for others;

2.3.2 Selection of board members

Schmidt (2011) stated the board derives its strength from the background, diversity, qualities, skills and experience of its members. In some corporate entities directors are elected by the shareholders at each annual meeting to serve for a term expiring on the date of the next annual meeting.

According to Nixon (2014), every year the Corporate Governance and Public Policy Committee reviews the credentials, performance and ongoing suitability of candidates proposed for election to the board and assesses their competencies and skills against those that the committee considers the board, as a whole, should possess. In doing so, it considers the qualifications of each candidate under applicable laws, regulations and rules, and the skills, diversity, geographies and areas of expertise already represented on the board. As part of this analysis, the board maintains a matrix indicating the experience and expertise contributed by each director toward the needs of the board.

2.3.3 Assessments of the Board

Nixon (2014) stated that the processes for assessment of the board and its committees and for director peer reviews are managed by the Corporate Governance and Public Policy Committee. The committee retains an external consultant to design and analyze the results of the evaluations of board and committee effectiveness and the director peer reviews processes.

Nixon (2013) pointed out that *the directors conduct an annual evaluation of the performance and effectiveness of the board in light of its mandate. In this process, directors provide their views on whether the board is functioning effectively, as well as matters as specific as key strategic, operational and risk issues and the effectiveness of the director education program. The results of the evaluation are analyzed by the consultant and reviewed by members of the Corporate Governance and Public Policy Committee and the full board, who consider whether any changes to the board's processes, composition or committee structure are appropriate. In this context, the board develops priorities for the year to address any areas for improvement that have been identified. The Committee monitors implementation of any action plans designed to address the approved priorities and periodically updates the board on progress. Senior management is advised of any suggestions made by directors for improvement of processes to support the work of the board (*Pg. 14)

2.3.4 Assessment of individual board members

The EU Green Paper (2011) states that the directors participate in a regular written peer review to assess individual directors on the attributes that contribute to an effective board, including among others; meeting preparation, strategic thinking, leadership experience, integrity and overall contribution. This consists of both an evaluation of peers and self-evaluation. The written peer evaluation process is complemented with one-on-one meetings between the Chair of the board and each director. Input from the peer evaluation process is taken into account when considering the director nominees to be recommended to shareholders.

2.3.5 Directors tenure

Nixon (2014) stated that to balance the benefits of experience with the need for new perspectives, the board has in place tenure limits that seek to achieve ongoing renewal. Directors will not be re-nominated for election at an annual meeting after reaching the earlier of age 70 or 15 years of service on the board. In exceptional circumstances if it is in the best interests of the corporate entity, the board has the discretion to recommend a director for re-election for additional terms of up to five years after age 70 or the expiration of the 15-year term. This decision is subject to annual review by the board and re-election by the shareholders.

2.4 Scenario of American International Group-AIG

Millstein et al (2012), pointed out that the principal characteristics of effective corporate governance are: transparency (disclosure of relevant financial and operational information and internal processes of management oversight and control); protection and enforceability of the rights and prerogatives of all shareholders; and directors capable of independently approving the corporation's strategy and major business plans and decisions, and of independently hiring management, monitoring management's performance and integrity, and replacing management when necessary.

Before the crises, AIG aspects were not so different from the definition and description as by Millstein et al (2012). Despite its healthy and heavily regulated long history, AIG was fundamentally brought down by its once-lucrative small financial products division. AIG failed to sufficiently disclose to investors and regulators the fatal consequence should market confidence in CDOs fall sharply, as it actually did subsequently. Approximately when warnings were articulated by the internal and external auditors about the reasonableness of valuation methods adopted for these derivatives, it was too late and the company was buying time for events to change. This never came about, and the situation got worse. "Indeed, it is further asserted that the collapse of these and other companies was nothing other than a failure of the respective boards' duty of care to protect corporate and shareholders' welfare and to fairly and equitably administer executive compensation" (Yeoh, 2010).

2.5 State of Corporate Governance in Africa

Tukuta (2011), Pointed out that in most several countries in Africa; application of corporate governance principles has been undermined, this was indicated by; Increased reported cases of corruption, high labour turnover, and low investment from external investors, Poor performing firms, public relations, collapse of many firms and misuse of public funds. This resonates with the context of Ugandan Institutions where similar instances has been reported in general and Uganda Broadcasting Corporation which led to the Board interdiction in 2011.

Miring'u et al (2011) pointed out that in addition to the South African King Report, there has been a rapid growth in the development of African thinking on corporate governance. New thinking is to attack on the supply side of corruption (company bribes) by complementary anti-corruption measures by the state. The recent initiative of the African Union (AU) to develop an AU Convention on Combating Corruption addresses the importance of declaring public officials" assets, and also breaks ground by targeting unfair and unethical practices in the private sector. Corporate governance is now established as an important component of the international financial architecture, but barely half a decade ago it was little known beyond specialists in a few countries such as the US, UK, Australia, Canada and South Africa.

Mwanzia (2011) stated that developing countries differ from developed countries in a wide variety of ways. Therefore, there is need for developing countries to develop their own corporate governance models that consider the cultural, political and technological conditions found in each country. In the process of adopting the corporate governance ideals developing countries encounter challenges because of the cultural, political and technological conditions in each country as opposed to developed countries.

2.6 Emerging Vision in Corporate Governance

According to Kyte et al (2009), a new vision of business is emerging where a set of core values, encompassing human rights, environmental protection and anti-corruption measures, guide board's oversight relationship with management, and accountability to shareowners. Boards collectively and directors individually, are central in accomplishing these objectives.

Good corporate governance practices instill in companies the essential vision, process and structures to make decisions that ensure long term sustainability. Buchs (2009) pointed out that good corporate governance is the glue that holds together responsible business practices, which ensures positive workplace management, market responsibility, environmental stewardship, community engagement and sustained financial performance

Wanyama et al (2009, Pg.16), stated that the *general consensus was that the level of implementation of corporate governance guidelines in Uganda is poor and is attributed to the* *lack of an appropriate framework to support implementation and enforce compliance with the guidelines'*

There appears to be scarce knowledge that essential groups, such as boards of directors and employees, had about corporate governance concepts. There were also economic factors which were thought to hinder corporate governance reform, including tax levels, remuneration, inflation and poverty.

Overall, Wanyama (2009) concluded that although formal structures were in place, existing frameworks are inadequate for supporting and ensuring good corporate governance. In terms of recommendations, Wanyama comments that company law in Uganda has not been revised since 1964 and that change is well overdue. The year 1964 is just one after the establishment of Radio Uganda and Uganda Television which bore Uganda Broadcasting Corporation in 2005 following the Merger.

2.7 Gaps and Links in Literature

Several literature and research seems to be available and is continuously written about organization on Governance and performance, but little has been done on public sector corporations and organizations on the same subject. The public sector corporations and organizations require more research to align them to best practices of good corporate governance. Buchs (2009) stated that good corporate governance is the glue that holds together responsible business practices, which ensures positive workplace management, market responsibility, environmental stewardship, community engagement and sustained financial performance. Nathan (2011) stated in short, truly good corporate governance is about human dynamics in a complex organizational setting which is devoted to creation of economic value.

There are no simple principles that will always work and always produce value. According to Wanyama (2009), the insight into corporate governance in Uganda highlights the gap between the establishment of guidelines and their implementation. Although little work exists at present, it is likely that other African economies, and indeed other developing economies elsewhere, are experiencing similar obstacles to corporate governance reform. Further, there is a need to investigate the interface between ethics and corporate governance in emerging economies, in the same way as ethics is being researched in developed economies.

Schmidt (2011) pointed out that the board derives its strength from the background, diversity, qualities, skills and experience of its members. Desender (2009) also states that understanding the influence of the board of directors on firm performance requires greater sensitivity to how corporate governance affects different aspects of effectiveness for different stakeholders and in different contexts. Ongore (2010) pointed out that the Board has been given inordinate attention in corporate governance literature, and yet a lot of corporate failures and malfeasance have occurred in spite of effective boards. This raises the question of whether the board alone is sufficient in corporate governance. Given this entangled situation, a vast number of theoretical frameworks have seen the day, stemming from a gamut of fields of study, ranging from economics, finance, and management to sociology, so as to serve as a basis for researchers in their analysis of corporate governance.

Therefore it is clear that through the application of different models, researchers, scholars and practioners have endeavoured to explain the subject matter from different angles. Indeed, what can be retained from the different schools of thought is that they all have but one objective which is not diverging, which is corporate governance for enhanced performance.

2.8 Conclusion

This chapter underpinned that the objectives pursued by shareholders and corporate managers tend to be differing and contradictory with regards to their own interests. This said though there is a tradeoff between managers' personal interests and shareholders values as pointed out by the Agency theory.

The Agency theory does not extend to the interests of other related parties to a company. This gap has been addressed by the stakeholders' theory which has included other interest groups like employees, creditors and government. This stake holders' theory though has been challenged by other as snatching the owners' rights in deciding how their properties should be applied. Nevertheless the stakeholders' theory forms part of the core of corporate governance framework.

While the Agency theory hold by far as it is the stewardship theory comes in to rebuttal. The stewardship theory asserts that managerial opportunism or interest is not on the agenda and on top of manager's aim to run the business in such away so that firm's performance is maximized. On the contrary, it is the pursuance of the firm's success that replenishes the managers, usually derives from their own interests. The stewardship theory holds that there is no conflict between managers and owners.

It is also apparent that in the corporate structure a Board of limited size and constituted in diversity in terms qualification, expertise, experience and discipline is more effective, interactive because of ease in communication. As pointed out by one author in reviews, the composition a Board say a lot about its effectiveness.

The next chapter is going to tackle the research methodology and the underlying components.

CHAPTER TREE: RESEARCH METHODOLOGY

3.0 Introduction

This section presents the methodology that was used by the researcher to carry out the study. It describes the study area, research design, sample selection and size, data collection methods, data analysis methods and limitations of the study.

3.1. Research Design

The study examined corporate governance in UBC at the period when the Board was in abeyance and when a new Board was put in place to test Board effectiveness. The research was quantitative, in which individual interviews were carried out using self-administered questionnaires with the UBC staff and managers in order to obtain their views as regards the matter. The managerial staffs were of special interest and all were included in the sample since they are more exposed and conversant with corporate governance issues in UBC

3.2 Area of the Study

The study was conducted at Uganda Broadcasting House Kampala, Plot 17 to 19, Nile Avenue, Kampala, where the Business of the Board and Management are normally carried out. It was fitting and facilitative to obtain responses from manager of other upcountry stations as they come for monthly management meet at the Head Office, Nile Avenue, and hence the reason for the choice of the area of study.

3.3 Target Population

The target population for this study was 99 individuals basing on the Payroll of the staffs of Uganda Broadcasting Corporation. This comprised of top managers 10, middle managers 15 and the non-managerial staff 74.

3.4. Sampling Techniques and sample selection

Being a small population, all the heads of department, station managers and sections heads were interviewed. The three categories of people were of interest as they interface more with issues of corporate governance. A sample size of 60 non managerial (other) staff members out of 74 was determined by Krejcie and Morgan's table to add up to the management team which gave 85 as the overall sample below:

Position	Population	Sample	Techniques
Top Management	10	10	Purposive Sampling
Middle Management	15	15	Purposive Sampling
Other Staff	74	60	Radom Sampling
Total	**99**	**85**	

3.5 Data Collection Methods

Secondary data was obtained through reviewing relevant literature in working papers and reports from various government agencies. This information was expected to give highlights on corporate governance to complement and guide the collection of the primary data and also to complement the field findings during the reporting.

3.6 Individual surveys

Individual interviews were conducted with staff members of UBC using self-administered questionnaires. Self-administered questionnaire were used because the respondents could respond to them at their convenience and it was also time saving. Semi-structured questionnaires (Appendix 1) with closed ended questions were administered to the staff members, which were then collected after being filled by the respondents

3.7 Data collection Procedure

The Human resource Manager of UBC was presented to a letter (Appendix 2) of introduction from the University relating to the research, who then provided a letter (Appendix 3) permitting the research to be carry out with the UBC staff. After a brief introduction and description of the purpose of the research, questionnaires were distributed to all the heads of department, station managers, sections heads and other sampled staff members. The questionnaires were them collected from the respondents after they had filled them. The method was time saving and user friendly to the respondents.

3.8 Data Analysis

Primary and secondary data was coded, edited and analyzed using the Statistical Package for Social Sciences (SPSS) version 16. Descriptive statistical tools were used to ascertain frequency counts and percentage of responses regarding corporate governance in respect to Board composition, size, independence and Board effectiveness with focus on quality of decisions, communication and oversight. These are at heart corporate governance and suspect in the topic of the study in UBC.

3.9 Limitation of the study

There were difficulties in getting responses from some of the members of the management team because of their busy schedules. Some of the managers were scattered in the upcountry stations which made it hard to reach them.

This said though, in the case of the MD the rapport with his Personal Assistant and the Alternate MD was made use of to get the information needed. For some of the middle managers scattered in the upcountry stations the time when one went for fields audit in those stations were used to reach them since he was being facilitated by the corporation in course of his assignments. Given these delimitations, it was possible to cover the proposed sample. This in effect made the outcome reliable and valid for the purpose and objectives of the study.

3.10 Validity:

Content validity index (CVI) was used to measure the relevancy of the questions used to measure the study variables of corporate governance. Board composition and size. policy formulation. and strategic oversight. A four point scale of relevant. quite relevant. somewhat relevant and not relevant was used to collect the responses from two experts in the area of study. A proportion of relevant and quite relevant was computed to get the CVI's of the two experts. The CVI's were 0.8182 and 0.7273 and therefore, the questions were relevant to the study variables.

3.11 Reliability:

Reliability is the degree to which a test consistently measures whatever it measures. In order to test the reliability of the items in the questionnaire, Cronbach's alpha was computed using the

Statistical Package for Social Scientists (SPSS), and the result was 0.876, which indicated a high level of internal consistency for the scale.

3.12 Conclusion

This Chapter covered the research design, area of the study, target population and sample, procedure and analysis. It also tackled aspects of measurement; thus validity and reliability of questionnaires using SPSS to compute Cronbach's alpha and Content Validity Index to test validity. The result was that in both cases the questionnaires were valid and reliable for study. The next Chapter will deal with presentation, analysis and interpretation of results.

CHAPTER FOUR: PRESENTATION, ANALYSIS, AND INTERPRETATION OF RESULTS

4.0 INTRODUCTION

This chapter presents the overview characteristics of the respondents highlighting gender, age, academic qualification and positions. The major themes are based on the general purpose of the study that was, to examine the relationship between corporate governance and board effectiveness in organization performance. Then the objectives which include; establishing the effect of board composition and size on board effectiveness in organization performance, examining the relationship between Board policy formulation and board effectiveness in organization performance, and to ascertain the bearing of the board strategic oversight on board effectiveness in organization performance.

4.1 Demographic characteristics of respondents

This section presents the demographic profile of the respondents in reference to gender, age, educational level and positions in the organization as portrayed in Table 1.

The study involved more of the male (55%) than the female (45%) respondents. This was because UBC had more male employees as compared to female employees. For example, only 8% of the managers were female respondents. This same trend manifested downwards in the hierarchy. Majority (64%) of the respondents had between 31 and 50 years, while the age groups of 18-30 and 51 years and above, had an equivalent percentage of 18. One can thus conclude that UBC work force is largely constituted of young people 50 years and below (summed up to 82% (64%+18%)). The study revealed that the highest academic qualification of the respondents was a Master's degree for which 15.6% of the respondents had attained. Amongst the remaining respondents, 72.7%, 9.1% and 2.6% attained a bachelor's degree, diploma and a certificate respectively. Whereas all the individuals involved in management o UBC were interviewed, majority of the respondents (68%) were other staff members other than the managers. One can infer that they have the basic grasp of issues underpinning corporate governance. Therefore the outcome of subsequent findings pertaining to corporate governance of UBC is substantial reliable. The study involved the MD, Heads of Departments, Heads of sections and Station Managers.

Table 1; Demographic characteristics of the respondents

Characteristic		Frequency	Percentage
Gender	Male	42	55
	Female	35	45
Age groups	18-30	14	18
	31-50	49	64
	51and above	14	18
Academic qualification	Masters	12	15.6
	Degree	56	72.7
	Diploma	7	9.1
	Certificate	2	2.6
Position in the organization	MD	1	1
	Head of department	9	12
	Station manager	3	4
	Section head	12	16
	Other staff members	52	68

4.2 Board size and board effectiveness

According to majority of the respondents (81%), an ideal board size should be of less than 13 members. Accordingly, those who suggested a board with less than 6 members were 20%, a board with 6-9 members were 41 %, and a board with 10-12 members were 20%, while those who suggested a board with more than 12 members were 18% (Figure 1). Pearson correlation analysis also revealed that small sized Board is more effective than a larger sized Board in attainment of the aspirations of UBC (r=0.781, P-value=0.000 (Appendix 2)

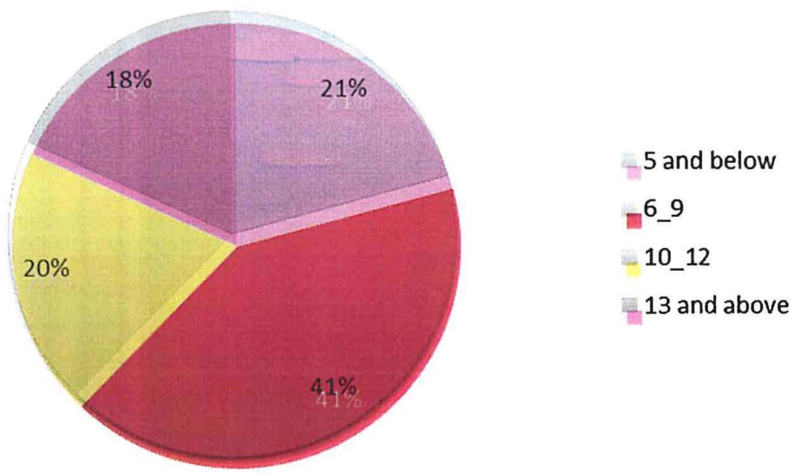


Figure 1; Ideal size of the Board for UBC

4.3 Board Composition and Board Effectiveness

According to the result 27.3% of the respondents, the UBC board is appropriate in terms of experience, while 18.2% and 13% of the respondents agreed that the board is appropriate in terms of background and skills respectively (Figure 2). The majority (41.6%) of the respondents agreed that the current UBC Board is appropriate in the entire three criterions.

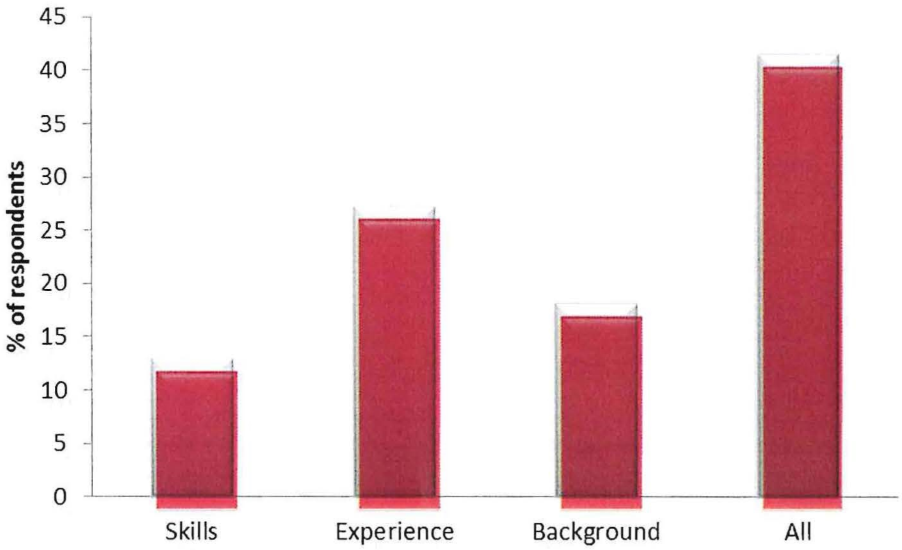


Figure 2; Appropriateness of the composition of UBC board in terms of Skills, Experience and Background

In terms of skills, 23% reported the Board being appropriate in terms of enterprise resource planning, 17% reported the Board being appropriate in terms of risk exposure, 16% reported the Board being appropriate in terms of regulatory compliance, while majority reported the Board being appropriate in terms of all the three skills (Figure 3).

In terms of background, majority (56%) felt like the Board was appropriate in terms of gender, religious affiliation and Regional Balance, 18% felt it was appropriate in terms of religious affiliation, 16% felt it was appropriate in terms of regional balance, while 10% felt it was appropriate in terms of gender (Figure 4). Therefore, Board composition was viewed as appropriate by the respondents. Pearson correlation analysis further revealed that the composition of UBC Board ensures reliable decision outcomes through influencing the vision, mission and values of UBC (r=0.852, P-value=0.000 (Appendix 2)

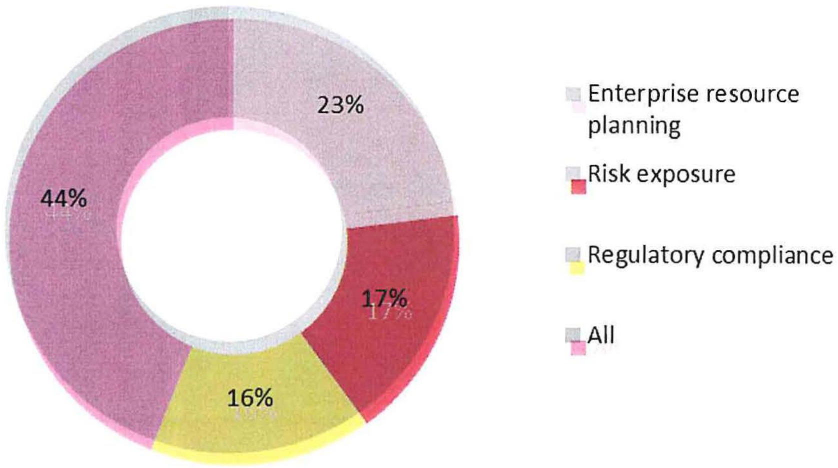


Figure 3; Appropriateness of the Board of UBC in terms of Skills

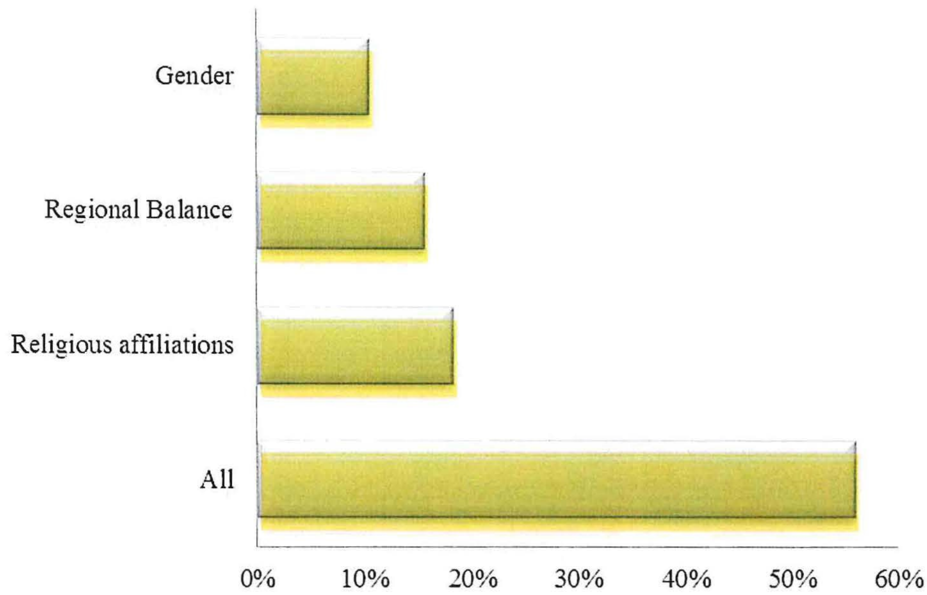


Figure 4; Appropriateness of the Board of UBC board in terms of the Background

4.4 Board independence and Board Effectiveness

According to the majority (55.9%) of the respondents, the Board has sufficient autonomy to deliver on its mandate, 7.8% were uncertain while 36.4% disagreed. It was agreed by the majority (84.5%) that the Board executes its functions without input or interferences from any quarter, while 14.3% neither agreed nor disagreed and 1.3% disagreed as regards the matter. Pearson correlation analysis also revealed that the UBC Board has sufficient autonomy to deliver on its mandate without input or interferences from any quarter. (r=0.960, P-value=0.000 (Appendix 3) Majority (89.7%) of the respondents agreed that the Board can on its own where necessary engage a consultant to aid it and offer expertise execution of function, while 10% were uncertain. In addition, the majority (78%) of the respondents agreed that the CEO/MD can take a position centrally to the Board and is not fired, 10% neither agreed nor disagreed, while 12% disagreed. It was also reported by the majority (76%) that the UBC Act takes precedent over line minister's view in relation to the Board's mandate in the governance, 6% neither agreed nor disagreed, while 17% disagreed (Table 2).

Table 2; Responses regarding Board independence and Board effectiveness

Research statements	Percentage (%)				
	SA	*A*	*N*	*D*	*SD*
The UBC Board has sufficient autonomy to deliver on its mandate	50.7	5.2	7.8	29.9	6.5
The Board executes its functions without input or interferences from any quarter	35.1	49.4	14.3	1.3	0
The UBC Board can on its own and where necessary engage a consultant aid it and offer expertise execution of function	32.5	57.2	10.4	0	0
The CEO/MD of UBC can take a position contrary to the Board and	29	49	10	8	4

is not fired					
The UBC Act takes precedent over line minister's view in relation to the Board's mandate in the governance UBC	36	40	6	8	9

(SA= Strongly Agreed, A= Agreed, N= Neither agreed nor disagreed, D= Disagreed, SD= Strongly Disagreed)

4.5 Strategic Oversight

4.5.1 Board's influence on strategic oversight of UBC

In order to find out the effect of the corporation board to strategic oversight, the board's influence on the vision, mission and values of UBC was noted inquired, and majority (80.6%) of the respondents agreed that it influences the three subjects, 13% were indifferent and 6.5% of the respondents were not in agreement as regards to the matter.

This indicates that the Board is of great influence to the vision, mission and values of the organization. To further highlight the importance of the board as regards to organization oversight, majority (75.3%) of the respondents concurred that there was no proper stewardship of UBC at the time the board was interdicted, while 13% were indifferent, and 11.7% claimed that there was good stewardship of UBC in absence of a board. Majority (72.8%) of the respondents reported that corporate practices were also not exercised in the time the board was not in existence, 9.1% neither agree nor disagree, while 18.2% disagreed holding the view that corporate best practices were being observed even without the board in place. This implied that strategic stewardship of UBC has not been the best when the Board was not in place. The need for a board that would ensure proper stewardship of UBC was mentioned by the majority

(80.6%) of the respondents, while 19.5% neither agreed nor disagreed. In addition, 74.6% of the respondents agreed that best corporate practices will be realized with the new board in place, 7.8% were indifferent while 5.2% Irrespective of the experience that led to the interdiction of the UBC board, majority (78%) still believe that UBC cannot do without a board, 13% are indecisive while 9.1% believe UBC can do without a board.

There was also an agreement by the majority (84.5%) of the respondents that the board sets measurable objectives that permit monitoring of management performance, while 14.3% neither agreed nor disagreed, and the remaining 1.3% disagreed (Table 3).

Table 3; Responses regarding strategic oversight on board effectiveness

Research statements	**Percentage (%)**				
	SA	***A***	***N***	***D***	***SD***
The board influences the Vision, Mission and Values of UBC	36.4	44.2	13	1.3	5.2
There was stewardship of strategic oversight of UBC when the board was not in place	1.3	10.4	13	58.4	16.9
Corporate best practices were not exercised during the time the board was not in existence	29.9	42.9	9.1	15.6	2.6
Strategic focus and direction has been wanting without the Board in UBC	32.5	48.1	19.5	0	0
Corporate practices will be realized with the new Board in Place	32.4	42.2	7.8	5.2	10.4
UBC can do without a Board given the experience leading to the interdiction of the previous Board	1.3	7.8	13	45.5	32.5
The Board sets measurable Objectives that permits monitoring management performance	35.1	49.4	14.3	1.3	0

(SA= Strongly Agreed, A= Agreed, N= Neither agreed nor disagreed, D= Disagreed, SD= Strongly Disagreed)

4.5.2 Internal and external analysis of UBC

There was also an agreement by majority (45.5%) of the respondents that the internal and external analysis of UBC should be done by the board, 41.6% were of a view that the analyses could be carried out in absence of the board, while 13% were indifferent about the issue. As shown in Table 4 below, majority (83.2%) of the respondents were in support of strategic options being set by the board as opposed to the management, while 14.3% were indifferent and 2.6% wanted the management to set up the strategic options instead of the board. One can hold that the strategic options by the Board are preferred to those by management. Majority (85.8%) of the respondents agreed that subcommittees were key in ensuring effective board management. Whereas there were no individuals disagreeing as regards the matter, 14.3% of the respondents neither agreed nor disagreed, and hence not sure about the role of subcommittees on Board effectiveness (Table 4).

Table 4; Influence of corporate governance on Board Effectiveness in UBC

Research statements	**Percentage (%)**				
	SA	***A***	***N***	***D***	***SD***
Internal and External Analysis of UBC is better carried out by the Management in absence of the board	5.2	36.4	13	6.5	39
Strategic options set by the board and implemented by the management is better than one developed by management and implemented by management	28.6	54.6	14.3	1.3	1.3
Board effectiveness in relation to quality decisions and performance	35.1	50.7	14.3	0	0

is better realized through the subcommittees.

(SA= Strongly Agreed, A= Agreed, N= Neither agreed nor disagreed, D= Disagreed, SD= Strongly Disagreed)

4.6 Board Position and Political Interferences in UBC

Majority of the respondents reported lack of political interference in the Board's decision making process, 44.2% reported that the political interferences had an effect the Board's decisions, while 7.8% were not sure as regards the matter. Furthermore, majority of the respondents denied the president's ability to influence the composition of the Board, 41.6% insisted that he can influence the Board's composition and 10.4% neither agreed nor disagreed about the matter. However, it was reported by majority (54.6%) of the respondents that the Board is accountable to the president, 32.5% disagreed, while 13% were not sure whether the Board is accountable to the president or not. This may be appointer to political interferences because and the normal practice and according to the UBC Act the Board should be accountable to the line minister. Majority (67.6%) of the respondents also agreed that the line minister can take action on the Board by way of appointment or dismissal and simply inform the president about it, while 26% denied and 6.5% neither agreed nor disagreed. The general view is that it is possible of the line minister to take action and simply inform the president as stated in the UBC Act that empowers the minister. But on the other hand, most of the respondents (66.3%) agreed that the ministers appointees to the Board could be overturned by the court of law if due diligence is not taken care of in the process, 24.7% were indifferent, while 9.1% disagreed (Table 5).

Majority (57.2%) of the respondents agreed that best corporate practices could be realized in UBC if there were no political interventions, 29.9% disagreed, while 13% were not sure whether best cooperate practices would be realized in absence of political interventions. One can infer that best corporate practices could be realized without political interferences. This said though the 29.9% who held the contrary cannot be wished away; it is appointer that some amount of political intervention may be necessary. Majority (48.1%) of the respondents also disagreed about the state of corporate governance being at stake in the absence of political interference, 39% agreed that the governance would be at stake, while 13% were not sure (Table 5). The outcome indicates that political intervention is not necessary at all times. However, it should be noted that 39% who held contrary view can't be wished away, a degree of political interventions are necessary.

Table 5; Political influence on Board effectiveness

Statements	Percentage (%)				
	SA	*A*	*N*	*D*	*SD*
The Board's position in UBC in matters of corporate governance is unequivocal and cannot be interfered with from any Political quarters	7.8	40.3	7.8	19.5	24.7
Presidential action and influence in the corporate governance of UBC in regard to composition of the Board and top Management	18.2	23.4	10.4	48.1	0
The Board of UBC is accountable to the President in performance of their corporate mandate	16.9	37.7	13	23.4	9.1
The Minister can take action on the Board and simply inform the president	20.8	46.8	6.5	20.8	5.2
The line Minister's appointees to the Board can be rendered inconsequential in Courts of Law if the process did not take due diligence	16.9	49.4	24.7	6.5	2.6
Best corporate practices in UBC could be realized if there were no political interventions	22.1	35.1	13	23.4	6.5

Without political interventions the state of corporate governance of UBC could be at stake	11.7	27.3	13	28.6	19.5

Pearson correlation analysis revealed that the Board influences the vision, mission and values of UBC which help mitigate operational management and strategic risks, r=0.912, P-value=0.000 (Table 6). It is further revealed that a small sized Board is more effective than a larger one in attainment of the aspirations of UBC, r=0.781, P-value = 0.000 (Table 6). In regard to Board independence, the result indicate that the Board has sufficient autonomy to deliver its mandate, r=0.960, P-value0.000 (Table 6). It is further revealed that the composition of the ensures quality decisions by influencing the vision, mission and values of UBC with regards to oversight, r=0.852, P-value 0.000 (Table 6)

Table 6: Pearson Correlations

Factors	Correlation (r)	Sig (0.000)
A small sized Board is more effective than a larger sized Board in attainment of the aspirations of UBC	0.781	0.000
The composition of UBC Board ensures quality decisions through influencing the vision, mission and values of UBC	0.852	0.000
UBC Board has sufficient autonomy to deliver on its mandate without input or interferences from any quarter.	0.960	0.000
The Board influences the vision, mission and values of UBC which help mitigate operational management and strategic risks	0.912	0.000

**Correlation is significant at the 0.01 level (1-tailed).

4.7 Conclusion

The chapter presented the results, analysis and interpretation of the finding from the study. The majority of the respondents allude that a small sized Board of less than 13 members is ideal and effective. This is represented by 81% of the respondents in figure 1. As regards the composition, the respondent hold that the UBC Board well constitute in terms skills, experience and background This portrayed in figure 2 by 41% of the respondent who ticked 'all'. In respect to independence, the response of 55.9% allude that the Board has sufficient autonomy to carry out their oversight function in UBC. Furthermore 75.3% of the respondents highlight the importance of the board as regards to organization oversight. Yet still 57.2% hold that corporate best practices could be realized if there were no political interferences. This answers one the research question that was to establish the extent of political intervention. The next chapter will tackle discussions summary, conclusion and recommendations.

CHAPTER FIVE: DISCUSSION, SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This Chapter is composed of the discussion of the finding, summary, conclusion, recommendation and further area of research.

5.1 Discussion

This section is a discussion of findings in line with the objectives which were; to examine the effect the Board composition on Board effectiveness in UBC performance; to examine the relationship between Board independence and Board effectiveness in UBC performance; and to ascertain the bearing of Board size on Board effectiveness in UBC performance. Lastly, to examine the extent of interventions on UBC performance

5.1.1 Board Size and Board Effectiveness

The results revealed that the ideal size of the Board should be small of less than 13 members. This ties well with Nathan (2011), who stated that a Board with more than 9-11 persons starts to lose effectiveness and becomes a rubber stamp for management initiatives. The same school of thought is held by Kueppers (2013) who also emphasized that a Board of limited size is expected to be more performing than a bigger one due to better communication and decision making thus improving performance. No wonder a significant number of the respondents suggested even much lower numbers of less than 5 members.

5.1.2 Board Composition and Board Effectiveness

As regards the composition, there was a common ground that the current UBC Board is appropriate in terms of all what is expected of a well functioning Board – Skills, Experience and Background. This is consistent with the EU Green Paper (2011), which points to specific skills, expertise or experience as prerequisites to selection of Board members. Schmidt (2011) stated that the Board derives strength from the Background, diversity, qualities, skills and experience of members. Aguinaga (2014) holds that the composition of a Board of Directors says a lot about its effectiveness. It pertains to the discipline, expertise, qualifications and experience. Going by these standards, the newly appointed UBC Board offers hope by virtue of the criterion stated by the different authors. All facts put together, the effect of Board composition, size and independence becomes apparent and underpins Board's effectiveness in organization performance.

5.1.3 Board independence and Board effectiveness

The independence of a Board is intended to empower the Board to be accountable for it actions. Independence allows a director to be objective in evaluating the performance and wellbeing of the company without any conflict of interest or the undue influence of interested parties. Further, independence in the board as a whole can come from diversity of perspective as opposed to having many board members come from the same "club" or background. Dashew (2009), point out that Board member should not accept compensation for anything other than board services i.e. no consulting, professional services or other business dealings with the company as supplier, financiers or customer. This prevents conflict of interest financially or biases based on those roles.

According to Hermalin (2008), one key important feature of the director networks is that board members may satisfy the regulatory definition of an independent director, but may have connections that potentially conflict with that independence. While independent directors can contribute to board effectiveness in monitoring the actions of management, such directors may also have less information about the company and its business and hence be less effective in providing advice to management on strategy.

According to Nixon (2013), points out that the pitfall to directors' can be addressed by induction and training of Board members. To further bridge the gap , qualifications of each candidate under applicable laws, regulations and rules, and the skills, diversity, geographies and areas of expertise already represented on the board. Having board that has a majority of independent members that is directors who are neither, employees of the company, advisors, customers or suppliers, will add great value to a business and the family who owns it.

5.1.4 Board's Strategic Oversight

According to Kyte (2009), good corporate governance practices instill in companies the essential vision, processes and structures to make decisions that ensure longer term sustainability. Buchs (2009) stated that good corporate governance is the glue that holds together responsible business practices, which ensures positive workplace management, market responsibility, environmental stewardship, community engagement and sustained financial performance.

Yeoh (2010) further pointed out that the oversight function of the Board concerns the review of management decisions, the adequacy of systems controls and the implementation of policies. The study revealed that internal and external analysis of the organization is better and more effectively carried out by the Board rather than the managers.

According to ICGN (2012), the Board should appreciate the legal and reputational risks associated with improper political activities and be responsible for oversight of political activity. This could be under the preview of Board corporate governance and risk management committee, which therefore affirms the effectiveness of the Board in corporate governance through its various subcommittees. According to Adams et al (2010), indirectly a board might guard against managerial malfeasance through its choice of auditor, its oversight over reporting requirements, and its control over accounting practices. In the same stance Nixon (2013), pointed out that the subcommittee monitors implementation of any action plans designed to address the approved priorities and periodically updates the board on progress. Senior management is advised of any suggestions made by directors for improvement of processes to support the work of the board.

5.2 Summary

The results as to the ideal size of the Board indicate that a small size is the preferred choice to all the spectrum of respondents. This was consistent with the literatures that the researcher came across which suggest a ceiling of 11 Board members. They point out that a Board of limited size is expected to be more performing than a bigger one due to better communication and decision making thus improving performance.

As regards the composition the results indicated that the current Board is well formed in line with specific requirements of a well functioning Board such as skills, expertise and experience. The Board of UBC therefore offers hope by virtue of the criterions. It is constituted of Engineers, IT Professional, a Teacher a Lawyer and Media Practitioners. As stated by one the authors the board derives its strength from the background, diversity, qualities, skills and experience of its members.

It was noted that the performance of UBC was impinged on by lack of a Board which would offer guidance through formulation of policies, enact policies and accord strategic oversight, which denied UBC good stewardship. The board makes major policy decisions, participates in strategic planning, delegates to management the authority and responsibility for day-to-day affairs and reviews management's performance

With regards externalities or intervening factors, what is apparent is that there are political interferences in the corporate governance of UBC. This comes out clearly when significant number of respondents alluded that there is external interferences in the corporate governance.

5.3 Conclusion

It is confirmed by the study that a small sized Board is preferred to a larger of more than 11 members because of inherent merits and responsiveness. Corporate governance best practices were not fully exercised as much in UBC. Flowing this, the study recognized the role of the Board in the heart of corporate governance, and therefore, no company, organization or institution can claim to exercise best corporate practices without a Board of some kind. As a result, the performance of UBC has had gaps due to lack of a Board to offer guidance, enact policies and accord strategic oversight. It is also apparent that there is some amount of political intervention of some sort in the corporate governance of UBC, and that no matter what the UBC Act prescribes the composition of the Board and some slots in management can be influenced by the president. It also comes out vividly, that best corporate practices can be realized with minimal external interventions. Otherwise, more space should be left for the Board for best corporate governance practices to flourish in UBC.

5.4 Recommendations

Flowing from the finding, discussion, summary, conclusion, reflecting on the statement of the problem, the objectives and literature reviews. The recommendations are as follows:

- In constituting a Board, corporate entities should ensure that it is composed of members from various backgrounds, disciplines, skills and experience because of inherent benefits. The board derives its strength from the background, diversity, qualities, skills and experience of its members, balancing diversity and expertise maximize board effectiveness.
- Even if there is need to intervene and terminate the tenure of a Board as it was the case in UBC in 2011, it should not take along period to replace as it was the case in UBC which took 3 years. The failure of the Office of the Permanent Secretary, Office of the Prime Minister to carry out the functions of the Board further evidenced the need of a Board in UBC.
- For UBC to realize best corporate governance practices, political interferences should be minimal. As longer as the Board is within the bounds of its mandate, it should be given space to deliver on its mandate as provided for under the relevant laws.
- Setting subcommittees should be encouraged within the Board to ensure Board effectiveness. Distributing roles amongst small groups of people would enable the Board to handle various tasks at the same time more effectively.

5.5 Area for Further Research

The benefits and the amount of political interventions do not come out clearly in the findings. According to OECD (2014), the corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders. The challenge is why is it that powerful companies with celebrated Boards have seen their demise? In the words of Ongore (2010), the Board has been given inordinate attention in corporate governance literature, and yet a lot of corporate failures and malfeasance have occurred in spite of effective boards. This raises the question of whether the board alone is sufficient in corporate governance.

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APPENDICES

APPENDIX 1: Questionnaires for management and staff of Uganda Broadcasting Corporation

This questionnaire is designed to assist the researcher in study of corporate governance with specific focus on Board composition, size, Independence and strategic oversight viz-a-viv Board effectiveness in respect to quality of decisions, communication and oversight. This is purely for academic purpose for a Graduate Study at Kyambogo University. It is for the purpose of gathering information to ascertain Corporate Governance and Board effectiveness in the aspects specified in UBC. Your contribution to this research is highly valued and confidential.

SECTION: A

Demographic Characteristics

Tick the appropriate Box

1. Gender

Male ☐ Female ☐

2. Age Group

8 - 30 ☐ 31 - 40 ☐ 41- 50 ☐ 51 – 60 ☐ Above 61 ☐

3. Highest Academic Qualification

PhD ☐ Master ☐ Degree ☐ Diploma ☐ Certificate ☐

4. Position of Respondent

Managing Director ☐ Head of Department ☐ Station Manager ☐

Head of section ☐ Group Employee ☐

Others ☐ Specify ....

SECTION: B

Board Composition and Board effectiveness

5. The composition of the UBC Board terms of skills is appropriate in ....

a) Enterprise resource planning☐ b) Regulatory compliance☐

c) Risk exposure☐ d) All the three ☐ e) Any other specify ....

6. In reference to Background the UBC Board is aligned to........

a) Gender☐ b) Religious affiliations ☐ c) Regional Balance☐

d) All ☐ e) Any other specify ....

Board Size and Board effectiveness

7. The ideal size of the Board for UBC should be

a) 5 and below ☐ b) 6-9☐ c) 10-12☐ d) 13 and above

SECTION: C

Board Independence and Board effectiveness

8. The UBC Board has sufficient autonomy to deliver on its mandate.

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree☐

d) Disagree☐ e) Strongly disagree☐

18. The Board set measurable objectives that permits monitoring Management performance

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree ☐

d) Disagree☐ e) Strongly Disagree☐

19. Internal and External analysis of UBC is better carried out by the Management in absence of the Board more effectively.

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree☐

d) Disagree ☐ e) Strongly Disagree ☐

20. Strategic Options set by the Board, implemented by the Management is better than one developed by management and implemented by management

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree☐

d) Disagree☐ e) Strongly Disagree☐

21. UBC is destined for better Policy formulations and ratification of the previous policies which had been stayed.

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree☐

d) Disagree☐ e) Strongly agree☐

22. Policies enacted by the Board helps to Mitigate Operational, Managerial and Strategic Risks.

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree☐

d) Disagree☐ e) Strongly Disagree☐

23. The Board Influences the Vision, Mission and Value of UBC

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree ☐

d) Disagree☐ e) Strongly disagree☐

SECTION: E

Interventions

24. The Board's Position on UBC matters of corporate governance is unequivocal and cannot be interfered with from any Political quarters.

a) Strongly agree☐ b) Agree☐ c) Neither agree nor Disagree☐

d) Disagree☐ e) Strongly Disagree☐

25. The President can cause change in the corporate governance as to the composition of the Board and the top management of UBC

a) Strongly Agree☐ b) Not as much☐ c) Neither agree nor disagree☐

d) Correct☐ f) Disagree☐

e) Strongly Disagree☐

26. The Board of UBC is accountable to the President in Performance of their corporate mandate.

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree☐

c) Disagree☐ d) Strongly Disagree☐

27. The line Minister can appoint or dissolve the UBC Board and simply inform the President

a) Strongly agree☐ b) Agree☐ c) Neither agree nor disagree☐

c) Disagree☐ d) Strongly Disagree☐

28. The Court of Law can render the Minister appointees to the UBC Board inconsequential if the process did not take due diligence required under Law.

a) Strongly agree ☐ b) Agree ☐ c) Neither agree nor disagree ☐

d) Disagree ☐ d) Strongly Disagree☐

29. Corporate Governance best practices in UBC could best be realized if there were no interventions.

a) Strongly agree ☐ b) Agree ☐ c) Neither agree nor disagree☐

d) Disagree ☐ e) Strongly Disagree ☐

30. Without Political Interventions the state of Corporate Governance in UBC would be at stake.

a) Strongly agree ☐b) Agree ☐ c) Neither agree nor disagree ☐

d) Disagree ☐ d) Strongly Disagree ☐

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Office of the Dean- Graduate School

Your ref:....................
Our ref: KYU/GSch/01/14

17th September, 2014

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: LETTER OF INTRODUCTION

This is to introduce to you **OSINDE OPENDI WALTER** Registration Number **12/U/359/GMOP/PE** who is a student of Kyambogo University pursuing a Masters degree of Science in Organization, Public Policy Management of Kyambogo University.

He is carrying out a research on ***"Corporate Governance and Board Effectiveness.*** A Case Study of Uganda Broadcasting Corporation in partial fulfillment of the requirements for the award of the Masters degree of Science in Organization, Public Policy Management of Kyambogo University.

This is to kindly request you to grant him permission to carry out this study in your establishment.

Any assistance rendered to him will be highly appreciated.

Yours faithfully,

Dr. M. A. Byaruhanga Kadoodooba
Dean-Graduate School

KYAMBOGO UNIVERSITY
17 SEP 2014
OFFICE OF THE DEAN
GRADUATE SCHOOL

BK/nmb

Uganda Broadcasting Corporation
...Inspiring Uganda...
17-19 Nile Avenue, Broadcast House, Tel: (256) 414 344721, 256 312 281473 Fax: 258491, 257 252
P.O.Box 2038 Kampala - Uganda

Our Ref: UBC/HR/212

September 19, 2014

Mr. Osinde Opendi Walter
Kyambogo University

Dear Sir,

PERMISSION TO CARRY OUT RESEARCH AT UGANDA BROADCASTING CORPORATION.

I am pleased to inform you that you have been granted permission to carry out research at Uganda Broadcasting Corporation (UBC).

We hope the information will be used for academic purposes.

UGANDA BROADCASTING CORPORATION
P.O. BOX 2038, KAMPALA
19 SEP 2014
SIGN:

Yours faithfully,

Barbara Kyomugisha
HUMAN RESOURCE MANAGER