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**CORPORATE GOVERNANCE, INTERNAL CONTROLS AND PERFORMANCE OF  
SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN BUKEDEA DISTRICT,  
UGANDA**

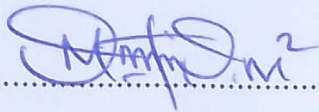
**BY**  
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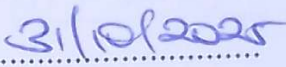
**THIS DISSERTATION IS SUBMITTED TO THE DIRECTORATE OF GRADUATE  
STUDIES, RESEARCH AND INNOVATIONS IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE AWARD OF A MASTER  
OF BUSINESS ADMINISTRATION DEGREE OF  
BUSITEMA UNIVERSITY**

**OCTOBER, 2025**

**DECLARATION**

I, the undersigned, declare that this dissertation is my original work and has never been submitted to this University or to any other institution for funding or any award.

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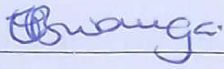
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### APPROVAL

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## **DEDICATION**

I dedicate this dissertation to my dear wife, Faith, and my beloved children, Michelle and Melisa. You have been my strongest source of support, encouragement and love throughout this journey. I truly believe that this success has been possible because of your constant sacrifice and unwavering presence.

This work is also dedicated to my late mother, Akello Hellen Grace, whose memory continues to inspire me, and to my entire family for their moral support.

Finally, I want to thank my lecturers, classmates and coworkers for their help and support in my studies.

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## **LIST OF ABBREVIATIONS**

|         |  |
|---------|--|
| AGI:    | Association of Ghana Industries                        |
| CEO:    | Chief Executive Officer                                |
| CG:     | Corporate Governance                                   |
| COSO:   | Committee of Sponsoring Organizations                  |
| GDP:    | Gross Domestic Product                                 |
| ICT:    | Information and Communication Technology               |
| NGOs:   | Non-Governmental Organizations                         |
| OECD:   | Organisation for Economic Co-operation and Development |
| SACCOs: | Savings and Credit Cooperative Societies               |
| UCSCU:  | Uganda Cooperative Savings and Credit Union            |
| UMRA:   | Uganda Microfinance Regulatory Authority               |

## ABSTRACT

The study investigated the mediating role of internal controls in the link between corporate governance and the performance of Savings and Credit Cooperative Societies (SACCOs) in Bukedea District, Uganda. The study was directed by four specific objectives: to evaluate the impact of corporate governance on SACCO performance in Bukedea District; to investigate the correlation between corporate governance and internal controls in SACCOs within Bukedea District; to ascertain the influence of internal controls on SACCO performance in Bukedea District; and to analyze the degree to which internal controls facilitate the relationship between corporate governance and SACCO performance in Bukedea District. The study was based on Agency Theory and utilized a cross-sectional research design employing a quantitative technique. The target population consisted of 85 registered SACCOs, from which a sample of 70 was chosen and five members from each SACCO were randomly chosen, resulting in 350 targeted respondents. Out of these, 302 returned completed and valid questionnaires. Data was analyzed using SPSS v27 utilizing both descriptive and inferential statistics. The correlation results showed that corporate governance had a strong link to internal controls and SACCO performance ( $r = .453^{**}$ ,  $p < 0.001$ ). Internal controls also had a good link to performance. The findings of the regression showed that corporate governance was a strong predictor of both internal controls ( $\beta = 0.453$ ,  $p < 0.001$ ) and SACCO performance ( $\beta = 0.401$ ,  $p < 0.001$ ). Internal controls also had a big favorable effect on performance ( $\beta = 0.538$ ,  $p < 0.001$ ). When internal controls were added, the direct regression coefficient of corporate governance on performance dropped to  $\beta = 0.198$  ( $p = 0.001$ ), showing that there was a partial mediating effect. The study found that good corporate governance improves SACCO performance both directly and indirectly by making internal control systems stronger. It suggests that boards should be more accountable, open, and involved with stakeholders, and that strong internal controls such separating tasks, regular audits, and compliance monitoring should be put in place. These policies protect members' money, build trust among members, and improve service delivery in Bukedea District. But the study was constrained by time and money, which made it hard to collect and analyze data in depth. The study was constrained by the volatile and confidential characteristics of financial institutions, as the SACCOs were hesitant to reveal comprehensive internal data.

# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

This chapter outlines the study's background, problem statement, objectives (both general and specific), hypotheses, scope, significance of the study, and conceptual framework.

### 1.1 Background to the Study

Savings and Credit Cooperative Organizations (SACCOs) are very important in financial inclusion, getting rid of poverty, and giving people more influence over their own lives, especially in rural and low-income areas (Marus et al., 2020). SACCOs have become important ways to provide low-cost lending, encourage saving, and help small businesses grow around the world (World Bank, 2018). The World Council of Credit Unions (WOCCU, 2024) alludes that there are more than 74,634 credit unions around the world, including SACCOs. These credit unions serve more than 411 million members and have assets worth more than USD 3.7 trillion. The World Bank (2016) says that high-performing SACCOs in Canada, Kenya, and the Philippines have seen robust financial growth, steady membership, and consistent loan repayment rates.

But SACCOs around the world don't all do well, and many have trouble meeting important financial and operational standards. In Nepal, a number of savings and credit cooperatives went through serious liquidity crisis, which meant that people could only take out 5% of their accounts (Paudel & Khanal, 2016). In India, the failure of Punjab & Maharashtra Cooperative Bank, a major cooperative financial institution, was also linked to extensive fraudulent lending, which led to regulatory action and huge losses for depositors (Shakeel et al., 2024). Research indicates that merely 48% of SACCOs in Sub-Saharan Africa are financially viable, with numerous facing challenges in capital adequacy, liquidity, and

profitability (Gachenga et al., 2025). In Lesotho, liquidity issues have been especially bad. SACCOs couldn't meet member withdrawal requests because they didn't have enough cash on hand, and more than 30% of their loans were not being repaid (Mmari & Thinyane, 2019).

Nassuna et al. (2024) say that about 900 credit unions and financial cooperatives in Uganda have gained international recognition. This shows how important SACCOs are to the Ugandan financial industry. Even though there are a lot of them, many SACCOs in Uganda still have trouble with performance because the quality of their loan portfolios is low and they don't have the capacity to give members credit in a way that is both efficient and sustainable (Neema et al., 2023). People don't trust SACCOs very much, as seen by the fact that only 15% of adults save with them. Most people prefer to save in other informal ways (Lagu, 2023). Also, liquidity problems make members' money less safe because some SACCOs can't quickly honour withdrawal requests (Marus et al., 2020). Access to credit is also limited; just 18% of adults get loans from official financial institutions like SACCOs, and only 6% say that SACCOs are their major source of financial help (Uganda Microfinance Regulatory Authority, 2024).

Between 2020 and 2022, 38 Emyooga SACCOs were formed in Bukedea District. However, by the end of 2023, only 13 (34%) were still in business. This was because many of them failed due to low member savings, poor loan portfolio quality, and ongoing liquidity problems (Bukedea District Commercial Office, 2023). Among the surviving SACCOs, the quality of their loan portfolios is still low, trust is low, as shown by low savings mobilization, and withdrawal reliability is low because of liquidity deficiencies (Ocheka, 2024).

From the theoretical point of view, the agency theory suggests that when ownership and management are separated in an organization, there may be conflicts between principals (like owners) and agents (mostly managers), which could hurt the organization's performance and effectiveness (Jensen & Meckling, 1976). In the context of SACCOs, this theory posits that SACCO performance hinges on the management's ability to prioritize member interests while maintaining accountability, transparency, and cautious decision-making (Ali & Ndede, 2024). Research indicates that SACCOs exhibiting robust corporate governance mechanisms characterized by distinct oversight frameworks, efficient board supervision, and transparent reporting generally achieve superior financial performance, encompassing enhanced loan portfolios, increased member trust, and effective liquidity management (Magala, 2025). In Bukedea District, the use of agency theory underscores the necessity of connecting managerial actions with member interests to improve SACCO effectiveness and sustainability.

Corporate governance in SACCOs refers to the structures and processes that direct and control cooperative organizations while maintaining responsibility, openness, and long-term viability (Magala, 2025). Weak governance practices, such as bad leadership, not keeping an eye on finances, and inadequate member participation, has been named as the major reason why SACCOs fail (Gebrehiwet, 2022a). Research in Uganda indicated that merely 29% of SACCOs possessed operational boards with defined responsibilities and consistent meetings (Muhumuza, 2022). Benon et al. (2024) also discovered that just 27% of SACCO board members had formal training in financial governance a factor which has a direct effect on decision-making and risk management.

Despite the growing recognition of corporate governance as a performance enabler (Zagorchev & Gao, 2015; Magala, 2025), limited empirical research has focused on its role in the context of SACCOs, particularly in rural districts like Bukedea. Most researches have examined governance in SMEs (Handley & Molloy, 2022), resulting in a knowledge deficit about newly founded, government-supported SACCOs that function under resource restrictions. Additionally, the mediating function of internal controls in the association between corporate governance and SACCO performance has yet to be investigated. This study aimed to address the gap by investigating the mediating impact of internal controls on corporate governance and SACCO performance in Bukedea District.

## **1.2 Statement of the Problem**

Savings and Credit Cooperative Organizations (SACCOs) are very helpful for getting people in rural areas to be able to access credit, getting them to save money, and improving their socio-economic status (Mrema & Kinyondo, 2024). SACCOs have become important community-based financial organizations in Uganda that help people save money, make money, and get out of poverty (Marus et al., 2020). But even though they are becoming more important, many SACCOs in Bukedea District still have problems with their performance. Recent reports show that a lot of SACCOs in Bukedea are having trouble with their finances and their members' trust is going down (Bukedea District Commercial Office, 2023). The Uganda Microfinance Regulatory Authority (2024) says that a lot of SACCOs in rural areas like Bukedea are either inactive or about to go out of business. Some cooperatives have said that more than 50% of their loans are not being paid back, and members are taking out more of their savings because they are worried that the money will be misused (Matembu, 2023). In other circumstances, SACCOs have not been able to get back loans or put in place appropriate disciplinary mechanisms, which has made operations less efficient and public trust even lower (Bukedea District Commercial Officer, 2023).

Because of this, the overall performance of SACCOs in Bukedea District has gotten worse. Many of them are having trouble meeting important performance goals like keeping sound loan portfolios, growing their membership, and getting people to save (Kathure et al., 2022). Some SACCOs have not made enough money to pay for their operational costs, while others have seen a big drop in the number of members who stay with them and the number of loans they take out (Ministry of Finance, Planning and Economic Development, 2023). This study aimed to investigate the role of internal controls in mediating the relationship between corporate governance and SACCO performance in Bukedea District.

### **1.3 Objectives of the study**

#### **1.3.1 General Objective**

To investigate the mediating role of internal controls in the relationship between corporate governance and SACCO performance in Bukedea District.

#### **1.3.2 Specific Objectives**

- To assess how corporate governance influences SACCO performance in Bukedea District.
- To examine the relationship between corporate governance and internal controls within SACCOs in Bukedea District.
- To assess the impact of internal controls on SACCO performance in Bukedea District.
- To analyze the extent to which internal controls influence the relationship between corporate governance and SACCO performance in Bukedea District.

### **1.4 Hypotheses**

The following hypotheses were tested.

**H<sub>1</sub>:** Corporate governance has a significant effect on SACCO performance in Bukedea District.

**H<sub>2</sub>:** There is a significant relationship between corporate governance and internal controls in SACCOs within Bukedea district.

**H<sub>3</sub>:** Internal controls have a significant effect on SACCO performance in Bukedea district.

**H<sub>4</sub>:** Internal controls significantly mediate the relationship between corporate governance and SACCO performance in Bukedea district.

## **1.5 Scope of the study**

### **1.5.1 Geographical Scope**

The study focused exclusively on SACCOs functioning within Bukedea District located in Eastern Uganda. As a mostly rural district, Bukedea's SACCOs had been having ongoing problems with their performance, such as poor loan portfolio quality, low member savings and participation, and liquidity issues that made it hard to make timely withdrawals (Bukedea District Commercial Office, 2023). These circumstances rendered it appropriate to examine the influence of corporate governance on SACCO performance in Bukedea district.

### **1.5.2 Content Scope**

The study focused on concepts of corporate governance, internal controls, and SACCO performance in Bukedea district.

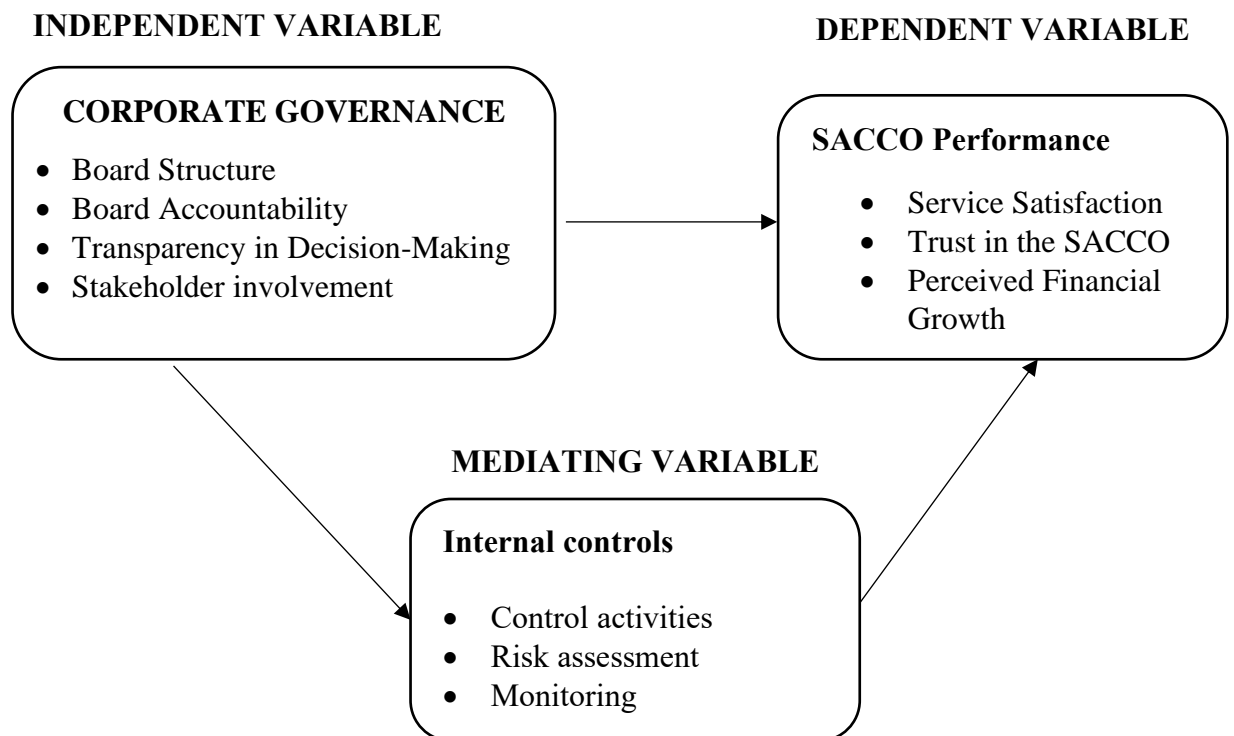
## **1.6 Significance of the study**

The results of this study will give policymakers useful information on how to improve corporate governance frameworks in SACCOs so that they can be financially stable and responsible. The results will also help the Ministry of Trade, Industry, and Cooperatives and other regulatory agencies, such as the Uganda Microfinance Regulatory Authority (UMRA), come up with rules and policies that make SACCO operations more open.

The findings aim to equip SACCO executives and managers with actionable insights into effective governance procedures for management committees, encompassing internal controls, board responsibility, and member participation. The report will be a useful resource for SACCO executives to enhance operational efficiency, bolster member trust, and mitigate risks such as loan default and money misappropriation.

For scholars, the study will provide a basis for investigating the association between corporate governance and the performance of rural banking cooperatives, especially in the setting of developing countries. It will enhance scholarly discourse on cooperative management, rural finance, and institutional governance, and enable subsequent comparison research across diverse districts or regions.

### 1.7 Conceptual Framework



**Figure 1: Conceptual Framework**

*Source: Adapted from (Nigatu & Dhaliwal, 2024; Temba et al., 2023; Wamukota et al., 2022)*

The conceptual foundation for this study was grounded on the Agency Theory, which underscores the necessity of aligning the interests of managers (agents) with those of SACCO members (principals) to achieve successful governance. In Bukedea, SACCOs face ongoing problems with insufficient governance structures, limited monitoring, and poor internal controls. These problems impair financial stability and member trust.

The conceptual framework demonstrates that corporate governance, via board accountability, decision-making transparency, and stakeholder engagement, positively impacts SACCO performance in terms of service satisfaction, trust in the SACCO, and perceived financial growth. Corporate governance also has an indirect effect on SACCO performance through its interactions with internal controls, which include risk assessment, control activities, and systems for monitoring and evaluation. This mediating effect of internal controls shows how SACCOs in Bukedea really work. Governance reforms alone may not lead to better performance unless they are backed up by strong control mechanisms. The concept thus encompasses both the direct and indirect mechanisms by which governance influences performance, giving a systematic basis for examining the connection between leadership behaviors and institutional outcomes.

This paradigm fills a vacuum in research on the connection between corporate governance and internal controls in rural SACCOs by using information from the background and issue statement. It also helps with the empirical study of how they function together to improve performance.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This chapter comprises conceptual literature, theoretical literature, empirical literature and the literature gaps.

#### 2.1 Conceptual Literature

##### 2.1.1 Corporate Governance

Shaba and Usman (2024) define corporate governance as a framework that directs and oversees corporations, encompassing the methods, procedures, and relationships that influence decision-making and accountability. Its primary objective is to foster transparency, accountability, equity, and responsibility in organizational management, hence playing an essential role in maintaining a balance of stakeholder interests (Banda & Mwangi, 2023). According to Mrabure and Abhulimhen-Iyoha (2020), three important parts of corporate governance are board accountability, stakeholder engagement, and procedures for openness and accountability.

Amartey et al. (2019) assert that board accountability is fundamental to good corporate governance, as boards function as primary decision-making entities responsible for supervising corporate management. A well-structured board, usually consists of both executive and non-executive directors, makes sure that strategic direction and supervision are done in a balanced way (Zahoor & Tian, 2023). The board works better when everyone knows what their roles, duties, and ethical standards are (Anthonia, 2023). Olutimehin et al. (2024) say that stakeholder engagement is a crucial part of corporate governance. This means that companies should think about the interests of all stakeholders when making choices. This entails reaching out to shareholders, employees, consumers, suppliers, and the

community at large on a regular basis (Mrabure & Abhulimhen-Iyoha, 2020). Annual general meetings, stakeholder forums, sustainability reporting, and grievance redress mechanisms are some of the tools that are typically used to encourage open conversation and participatory governance (Zhang et al., 2022).

### **2.1.2 Internal Controls**

Internal controls are very important for corporate governance since they keep the credibility of financial and operational systems (Ilyas et al., 2021). Internal controls are a set of guidelines, policies, and procedures that an organization uses to protect its assets and make sure that its financial reporting is clear and its operations run smoothly (Saudi et al., 2018). Braim and Mohammed (2023) say that internal controls essentially have five important goals: to assess risk, create a good control environment, carry out control activities, make communication and monitoring easier, and make sure that everyone is on the same page. The Committee of Sponsoring Organizations (COSO) says that the control environment is the basic level of internal control. It includes the standards, methods, and organizational structures that help with implementation (Ilyas et al., 2021).

To lessen the risks that have been found, businesses put in place organized procedures and mechanisms that are specific to their needs for running their business—control activities (Otoo et al., 2023). These tasks, including as approvals, authorizations, verifications, and reconciliations, all have the same goal: to find and fix mistakes in an organization's operations (Ilyas et al., 2021). Information and communication are also important parts of internal controls. They help spread the word about policies, give training, and help personnel understand their roles in preserving internal controls (Otoo et al., 2023).

### **2.1.3 SACCO Performance**

SACCO Performance is defined as how well a Savings and Credit Cooperative Organization uses its resources, provides services that are good for its members, and helps its members' financial health (Atukwatse et al., 2024). The performance of a SACCO can be evaluated using non-financial metrics, including service satisfaction, trust, and perceived financial progress, which offer insights into members' experiences and outcomes (Pradhan & Sharma, 2025). Service satisfaction is one of the most important parts of SACCO performance. This is how well members feel that their needs are being satisfied when it comes to services like loan processing, customer support, convenience, and communication (Nahikiriza et al., 2023).

Trust in the organization is another important factor. It is important for member participation and loyalty since trust is established over time through openness, accountability, and consistent service delivery (Akinyi et al., 2024). Pradhan and Sharma (2025) assert that trust within cooperatives enhances social capital, hence bolstering organizational performance through the promotion of active member engagement and adherence to organizational principles. Messabia et al. (2023) discovered that mutual trust between organizational members and management enhances financial performance by fostering saving, borrowing, and investing activities within the business.

## **2.2 Theoretical Review**

This study is anchored on the Agency Theory, a concept presented by economists Jensen and Meckling (1976). The idea explains the association between principals, as owners, and management, as agents entrusted with operational authority within businesses. The theory has been extensively utilized across multiple disciplines to examine governance frameworks and the issues that emerge when agents' interests diverge from those of principals

(Bendickson et al., 2016). In the context of SACCOs, the management functions as the agent, whilst stakeholders such as members, regulatory entities, and the local community function as the principals (Messabia et al., 2023). This idea is relevant for understanding the influence of corporate governance, as a management instrument, on performance when facilitated by internal controls (Koeswayo et al., 2024a).

When agents act in their own best interests instead of that of their principals, conflicts can occur in the principal-agent relationship. This leads to problems like moral hazard and adversative decision making. Effective internal controls help with these problems by putting in place systems that make sure that management is open, responsible, and in line with SACCO aims (Otoo et al., 2023). By putting strong internal controls in place, SACCOs can make their governance structures stronger, which improves the performance of the organization as a whole. Consequently, the agency theory highlights the crucial function of internal controls in addressing principal-agent conflicts, facilitating efficient governance implementation, and eventually improving SACCO performance in Bukedea District.

## **2.3 Empirical Review**

### **2.3.1 Corporate Governance and SACCO Performance**

Messabia et al. (2023) examined the effect of governance and managerial practices on the development of a Haitian SACCO. Employing a qualitative interpretive methodology, the researchers performed semi-structured interviews with three founding directors of the cooperative. Data were examined with NVIVO 11 to find factors that led to good governance. The research indicated that participatory and transparent governance, efficient communication among management entities, and collaborative decision-making substantially improved SACCO performance. The results show that good corporate

governance standards are what make SACCOs viable, have a positive social impact, and succeed in the long run.

Hallett and Lameck (2018) examined the association between governance approaches and long-term viability in SACCOs in Malawi. Their findings indicated that governance flaws, mostly stemming from inadequate education, leadership abilities, and conflicts of interest, impeded SACCO expansion and financial success. Nonetheless, excellent governance was associated with an improvement in operational performance, growth and profits, keep staff, lower internal conflicts, and increase investor trust. The report also stressed that for SACCO governance to work well, board and management positions needed to be clearly defined and training was needed.

Mugilwa et al. (2024) studied how corporate governance impacted the financial results of deposit-taking SACCOs in Kenya. Their research was conducted among 163 SACCOs that were licensed and controlled by the Kenya Sacco Societies Regulatory Authority. Using the quantitative method, standardized questionnaires were used to collect data from SACCO managers and board members. The study utilized a descriptive correlational and panel regression design to analyze corporate governance factors, including board size, independence, and diversity. The findings depicted that things like board composition, financial expertise, and board independence had an effect on financial performance.

Mmari (2019) employed a cross-sectional research approach to examine the impact of corporate governance on the performance of financial cooperatives in Moshi Municipality, Tanzania. The research polled 323 SACCO members, chosen using multi-stage sampling, and evaluated replies using a four-point Likert scale and Chi-Square testing. Eight elements of corporate governance were put to the test: accountability, participation, leadership, feedback, legal compliance, technological adoption, and education or training. The results

showed that all of the variables except for member participation had a significant positive effect on SACCO performance. Accountability, feedback systems, leadership style, and openness were very important in boosting savings and making the business more profitable. The study determined that robust corporate governance was crucial for SACCO success.

Wabwire and Kabanda (2024) studied the influence of corporate governance on the financial performance of SACCOs, concentrating on Wazalendo SACCO. The study identified 40 fully SASRA-compliant SACCOs by purposive sampling. Data were gathered from secondary sources and examined utilizing SPSS, encompassing regression analysis and ANOVA. Findings indicated a strong link between the two variables, which might explain up to 28.6% of the difference in performance. In particular, the frequency of ladies on the board and the length of time a director has been on the board had a big beneficial influence on return on assets. Meeting frequency and board expertise, on the other hand, had no significant effect. The research determined that social heterogeneity within governance institutions enhances SACCO performance more significantly than vocational variety.

### **2.3.2 Corporate Governance and Internal Controls**

Recently, empirical research has increasingly examined the corporate governance - internal controls link, emphasizing how governance frameworks affect the design, functionality, and implementation of internal controls within corporate entities. Koutoupis and Pappa (2018) examined the link inside Greek listed businesses, assessing the interaction between corporate governance framework, internal audit function, and management practices. The research utilized the COSO (2013) framework and found that internal audit processes, enhance management excellence and good governance. The heterogeneity analysis results indicate that the adoption of these features enhances organizational performance and governance.

Vadasi et al. (2019) examined the role of internal audit in enhancing corporate governance, emphasizing the correlation between professionalism and effectiveness. A study involving 49 publicly traded companies on the Athens Stock Exchange, along with data from their annual reports, demonstrated that there is a favorable link between professionalization and audit effectiveness. In particular, internal audit departments that follow auditing standards and have auditors who are certified professionals are better at supporting corporate governance.

Koutoupis and Pappa (2018) assert that good corporate governance (CG) depends on transparency and strong internal controls. Amine and Azeddine (2020) similarly emphasized that the implementation and elaboration of sufficient internal control activities will result in effective corporate governance. Magu and Kibati (2016) contended that inadequate corporate governance mechanisms arise from the improper execution of internal controls. Al-Zwyalif (2015) conducted a study on Jordanian insurance companies and discovered that compliance with internal controls enhances corporate governance, which subsequently results in improved financial performance. According to a study carried out by Suyono and Hariyanto (2012) demonstrated that corporate governance (CG) and internal controls exert a favorable influence on Indonesian enterprises.

Musah et al. (2025a) observed that good corporate governance practices made internal controls in small and medium-sized businesses much stronger in Ghana. This conclusion underscores that effective corporate governance may be essential for robust internal controls, especially within the SME sector of emerging nations. Agyei-Mensah (2016) assessed the influence of corporate governance parameters on the publication of internal control data by 110 Ghanaian enterprises in 2013. They looked over the yearly reports, looked at the codes for getting the internal control disclosure, and used regression and descriptive statistics to look at the data. The results showed that companies with poor

internal control information had worse financial performance, which made it harder for stakeholders to figure out and judge how well the companies were doing. The results also showed that board independence helps explain the disclosure of internal controls in a good way.

Asiligwa and Rennox (2017) established a correlation between corporate governance (CG) and internal controls among Kenyan commercial banks; their findings validated the existence of this relationship, which contributes to improving firm performance and maximizing shareholder market value. A study conducted in Tanzania investigated the influence of corporate governance practices on the efficacy of audit committees within regulatory agencies, revealing that internal auditing and board governance substantially improve audit committee performance (Suluo et al., 2025). Utilizing data from 241 respondents across 18 regulatory bodies, regression analysis indicated that internal auditing was the most significant factor affecting the performance of audit committees, succeeded by financial reporting and financial permission. External auditing practices, on the other hand, had no substantial influence, which suggests that audit committees and external auditors don't work together very well or that their duties aren't defined. These findings underscore the importance of fortifying internal governance frameworks, including internal audit functions and board oversight, to enhance the efficacy of audit committees and foster accountability and openness inside public sector entities.

Turyahebwa et al. (2022) investigated the correlation among internal controls, corporate governance, and the financial performance of microfinance institutions (MFIs) in Uganda, utilizing data gathered from 332 respondents across 76 MFIs. The research utilized a cross-sectional correlational methodology, demonstrating that both internal controls and corporate governance significantly impacted financial performance, with internal controls exhibiting a more robust positive correlation. In particular, MFIs that had strong internal controls, such

as good control activities and risk assessment systems, and good corporate governance structures had better financial results. The results show how important it is for MFIs in emerging nations to have strong corporate governance frameworks and strong internal controls to make their finances more stable.

### **2.3.3 Internal Controls and SACCO Performance**

Existing literature empirically demonstrates that numerous studies have sought to investigate the correlation between internal controls and SACCO performance. Musah, Padi, Okyere, et al. (2022) investigated the impact of essential elements of internal control on the financial performance of SMEs affiliated with the Association of Ghana Industries (AGI) in Ghana. The research also evaluated the moderating influence of corporate governance practices on the correlation between internal control components and the financial performance of SMEs registered with AGI. Data was analyzed using correlation and hierarchical regression analysis to meet the goals of the researchers. This study's findings indicated that internal controls exhibited a strong positive correlation with financial performance. The research moreover indicated that proficient corporate governance practices influence internal controls and the financial performance of SMEs registered with AGI in Ghana.

Kung'u et al. (2024) studied the influence of internal controls on the performance of Deposit-Taking SACCOs in Kiambu County, Kenya. The study employed a descriptive research approach and gathered data from 82 respondents across 13 SACCOs, demonstrating that internal controls exerted a considerable positive impact on SACCO performance. The authors determined that SACCOs should focus on enhancing internal controls and advocate for regular audits, thorough risk management, employee training, and

robust regulatory supervision to guarantee enduring sustainability and stability within the industry.

Asiligwa and Rennox (2017) examined the effect of internal controls on the financial performance of commercial banks in Kenya. A descriptive research approach was utilized for its efficacy in explaining the relationship between components of Internal Controls and Financial Performance. The research involved 43 commercial banks in Kenya, utilizing structured questionnaires to gather primary data. Frequency tables were used to show descriptive statistics and correlation and regression tables to undertake inferential data analysis. The study findings indicated that the robust financial performance of banks in Kenya was partially due to the establishment and maintenance of efficient internal controls.

Kabuye et al. (2019) studied the effect of internal controls on the financial performance of supermarkets. This study was cross-sectional and correlational, utilizing firm-level data obtained by a questionnaire survey from a sample of 110 supermarkets in Uganda. The investigation revealed that, contrary to prior assumptions, internal controls did not significantly forecast financial performance. Because of the study's emphasis, these data may only pertain to supermarkets. Consequently, additional research is required to enhance the understanding of the role of internal controls in financial performance across various sectors.

#### **2.3.4 Corporate Governance, Internal Controls and Performance**

Many studies have shown that internal controls play a very important role in the relationship between corporate governance and SACCO performance. Oyugi et al. (2023) examined government-owned firms in Kenya and discovered that internal controls substantially moderated the association between board procedures and overall organizational performance. Their research showed that companies with strong internal controls were

better at improving governance, making operations more efficient, and providing better service. The study found that internal controls are important tools that connect corporate governance structures to performance outcomes by making sure that management actions are honest, accountable, and follow the rules.

A study conducted by Maru and Ombaba (2018) on SACCOs in Nairobi County demonstrated a significant mediation influence of internal controls in the governance-performance connection. They discovered that SACCOs with robust internal controls, such as duty segregation, internal audits, and ongoing monitoring systems, were more inclined to realize the benefits of effective corporate governance. In SACCOs whose governance mechanisms were inadequate, the implementation of robust internal controls filled the void, facilitating enhanced financial stability and member trust inside the organizations. Their findings emphasized that internal controls not only enhance governance frameworks but also implement them by converting board policies and decisions into everyday compliance and risk mitigation measures.

In a pertinent study, Kule et al. (2022) analyzed SACCOs in Mid-Western Uganda, exploring the role of financial accountability, a facet of internal controls, in mediating the relationship between corporate governance and the financial performance of SACCOs. The authors stressed that governance procedures establish the strategic tone, but SACCOs use internal controls to make sure that everyone follows those rules. This helps them protect members' money and improve their operations. The results indicate that in the absence of strong internal controls, the advantages of corporate governance may not be completely realized, hence confirming the mediating role of internal controls in SACCO performance.

## 2.4 Summary of Identified Gap in Literature

The current literature on SACCO management thoroughly examines the direct correlations between corporate governance and SACCO performance, in addition to the relationship between internal controls and performance results. Empirical research indicates that effective corporate governance can positively impact SACCO performance (Messabia et al., 2023; Mugilwa et al., 2024; Mmari, 2019). Simultaneously, research indicates that strong internal controls, encompassing efficient risk management, monitoring systems, and compliance with regulatory standards, are crucial for enhancing financial performance, mitigating fraud, and improving operational efficiency in SACCOs (Kung'u et al., 2024; Asiligwa & Rennox, 2017; Musah et al., 2022).

Nonetheless, despite extensive study on these independent correlations, a significant vacuum exists about the mediation role of internal controls in the relationship between corporate governance and SACCO performance, especially within the Ugandan SACCO sector. While several researches have initiated an examination of this connection (e.g., Oyugi et al., 2023; Maru & Ombaba, 2018; Kule et al., 2022), the empirical data is still scarce, disjointed, and context-dependent. Moreover, the majority of these investigations have concentrated on either urban SACCOs or large financial institutions, resulting in a deficiency in comprehending how internal controls influence corporate governance effects within smaller, rural-based SACCOs that frequently encounter distinctive operational and oversight difficulties.

It is essential to address this gap to enhance the comprehension of how internal controls might function as a mechanism via which corporate governance policies yield measurable performance results. By concentrating on the mediating function of internal controls, further study can provide significant insights on enhancing SACCO governance systems, especially

in contexts that are under-resourced or lack adequate oversight. This would not only add to the body of scholarly work, but it would also help policymakers and SACCO regulators create better ways to build capacity, audit, and make sure compliance in order to keep SACCOs financially stable and establish trust among members in a variety of circumstances.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 Introduction**

This chapter outlines the methods and procedures used to gather information related to the study. It covers the research design, study population, the unit of analysis, and the unit of inquiry sample size, sampling technique, data collection methods and instruments, measurement of variables, data analysis, validity and reliability as well as ethical issues consideration.

#### **3.1 Research Design**

The study employed a cross-sectional research design and a quantitative methodology to examine the relationship among the variables under investigation. A cross-sectional study strategy entails gathering data at a certain moment, offering a snapshot of the present condition of the variables being examined. This design was chosen because it saves time and money and lets the researcher come to quick conclusions and suggestions without having to collect data again (Kothari, 2004). The quantitative approach, on the other hand, uses numbers and statistics to look at how different factors are related to each other. The methodology was employed in the study because to its capacity for objective measurement, simplification of data interpretation, and promotion of precise, generalizable results through statistical methodologies.

#### **3.2 Study Population**

Kothari (2004) defines a population as the extensive group to whom a researcher aims to generalize their sample findings. This study's population consisted of all registered Savings and Credit Cooperative Societies (SACCOs) functioning within Bukedea District. The

Bukedea District Commercial Office (2024) said that there were 85 registered SACCOs in Bukedea District. This was the group of people that this study was looking at.

### **3.3 Unit of Analysis and inquiry**

Kothari (2004) defines the unit of analysis as the object of study described in a research project, contingent upon its level of aggregation. This study's unit of analysis consisted of the individual Savings and Credit Cooperative Societies (SACCOs) functioning in Bukedea District, as the objective was to evaluate their performance.

Kothari (2004) characterizes the unit of inquiry as the individuals from whom data is gathered for research objectives. The unit of inquiry in this study comprised registered members of Savings and Credit Cooperative Organizations (SACCOs) functioning within Bukedea District. This is due to their direct engagement and experience with SACCO operations, pertinent to the subject of investigation. Five (5) registered members were chosen from each SACCO. This method made sure that different SACCOs were well represented while yet keeping the data collection process easy to administer. The uniform selection of members from each SACCO facilitated the comparability of replies and contributed to the collection of a broader range of experiences and operational insights throughout the district.

### **3.4 Sample Size and Sampling Techniques**

Kothari (2004) says that a sample is a part of a population that is taken for research reasons. The sample for this study was taken from 85 registered SACCOs in Bukedea District (Bukedea District Commercial Office, 2024). Using Krejcie and Morgan's (1970) table to figure out how many samples to take, 70 SACCOs were chosen. This table offered a scientifically validated approach for ascertaining a suitable sample size derived from a

known population, hence ensuring the reliability and generalizability of the research findings.

According to Kothari (2004), sampling techniques are the methods that a researcher uses to choose objects for the sample. The study employed simple random sampling, a type of probability sampling in which each unit in the population has an equal chance of being chosen. This method was employed because it reduces selection bias and made sure that the sample represented the whole population. A complete list of the 85 SACCOs was obtained from Bukedea District Commercial Office, and the selected SACCOs were chosen using a randomization technique such as a random number generator. This method ensured that the quantitative data gathered accurately showed the district's SACCO performance and features.

### **3.5 Data Collection Method and Instrument**

The primary data collection method for this study was a structured questionnaire and this was meant to gather standardized and measurable data from several SACCOs. This made it possible to compare and analyze the data statistically in line with the study's objectives. The questionnaire was intentionally administered to a small group of important people, such as SACCO managers, chairpersons, treasurers, and other executive members who knew a lot about how their SACCO was run, how its internal controls worked, and how well it did. The questionnaire comprised both closed-ended and Likert-scale items intended to gather information pertinent to the study objectives about SACCO performance.

The instrument comprised five sections that thoroughly addressed the study variables: (A) Respondents' personal data, (B) SACCO profile, (C) Corporate Governance, (D) Internal Controls, and (E) SACCO Performance. The tool used a five-point Likert scale, with options going from 1 (Strongly Disagree) to 5 (Strongly Agree). This systematic and targeted data

collection technique was very helpful in getting information from SACCO leaders, which made the findings more valid and useful in the context of rural Uganda.

### 3.6 Measurement of Variables

The constructs evaluated in this study were assessed based on already established items by earlier researchers.

*Table 3.1: Measurement of Variables*

| Variable                    | Dimensions  | Source                             | No. of Questions |
|-----------------------------|---|------------------------------------|------------------|
| <b>Corporate Governance</b> | <ul style="list-style-type: none"> <li>• Board structure</li> <li>• Board Accountability</li> <li>• Transparency in Decision-Making</li> <li>• Stakeholder involvement</li> </ul> | Mrabure & Abhulimhen-Iyoha (2020). | 15               |
| <b>Internal Controls</b>    | <ul style="list-style-type: none"> <li>• Control activities</li> <li>• Risk assessment</li> <li>• Monitoring and evaluation</li> </ul>  | Braim & Mohammed, (2023)           | 13               |
| <b>SACCO Performance</b>    | <ul style="list-style-type: none"> <li>• Service Satisfaction</li> <li>• Trust in the SACCO</li> <li>• Perceived Financial Growth</li> </ul>                                      | Pradhan & Sharma (2025)            | 12               |

### 3.7 Validity and Reliability

#### 3.7.1 Validity

Amin (2005) defines the validity of a research instrument as the degree to which the instrument corresponds with both theoretical and conceptual interpretations of the research variables being examined, hence allowing the instrument to effectively measure the intended data. To validate the instrument, the researcher sought the expertise of one

specialist in financial cooperatives and two research supervisors to evaluate the questionnaire's form, substance, clarity, consistency, and relevance concerning the study's aims. The experts were asked to give each item in the research instrument a score of either relevant or not relevant. The content validity index (CVI) was used to find out how accurate the instrument was. The scores by experts were used to figure out CVI using this equation below. The results of calculating CVI from three primary study variables are shown in Table 3.2.

$$\text{Content Validity Index (CVI)} = \frac{\text{Number of Items rated relevant}}{\text{Total Number of Items}}$$

**Table 3.2: Content Validity**

| <b>Questionnaire Section</b> | <b>Number of Items</b> | <b>Content Validity Index</b> |
|------------------------------|------------------------|-------------------------------|
| Corporate Governance         | 15                     | 0.77                          |
| Internal Control             | 13                     | 0.81                          |
| Performance                  | 12                     | 0.79                          |

### **3.7.2 Reliability**

Kothari (2009) says that dependability is how well an instrument assesses the variables it was meant to measure. To ensure the questionnaire's reliability, the researcher created it using straightforward, direct, and familiar language for the responders. Before it was fully deployed, the tool was tested to see if it would work. To eliminate bias and make sure the results were independent, the pilot study took place in Kumi District. The pilot had 15 respondents who were chosen from 15 SACCOs. Doing the pilot in Kumi helped in avoiding to repeat interviewing the same respondents again when the tool was fully in place. The Cronbach Alpha reliability coefficient was used to test the instrument's reliability by looking at its internal consistency or average correlation of items (Cronbach, 1951). Yilmaz Koğar et al. (2016) states that results are considered credible when the Cronbach alpha coefficient

for each construct and variable is no less than 0.7. Statistical Package for Social Sciences (SPSS) was used to do reliability analysis, which showed that the instrument was reliable with a Cronbach's alpha of  $>0.7$ , which means it was reliable enough as the computed Cronbach alpha was higher than 0.7, as shown in Table 3.3.

**Table 3.3: Content Reliability**

| Scale                | Number of Items | Cronbach's Alpha |
|----------------------|-----------------|------------------|
| Corporate Governance | 15              | 0.826            |
| Internal Control     | 13              | 0.852            |
| Performance          | 12              | 0.891            |

### **3.8 Data Collection Procedures**

The primary data for this investigation was collected using a standardized questionnaire (Appendix I). To expedite the procedure, the researcher enlisted and trained data collectors tasked with administering the surveys to designated respondents. But before the researcher went into the field, he got an introductory letter from the Dean of the Faculty of Management Sciences. This letter introduced the researcher to SACCO members in the Bukedea district. Prior to the administration of the questionnaires', informed consent was secured from all respondents, and the study objectives and the purpose of the information were explicitly conveyed to them. Upon completion, the collected questionnaires were systematically sorted, organized and prepared for presentation and analysis.

### **3.9 Data Presentation and Analysis**

Before analysis, the data collected from the field was edited, sorted, put into tables, and coded. Data was cleansed by making sure it was complete so that it could be analyzed. Data analysis was then conducted using SPSS Version 27 for both descriptive and inferential statistics. Regression analysis was utilized to evaluate the strength and degree of the link between dependent and independent variables. To assess the mediating effect, the study

utilized the PROCESS macro (Model 4) created by Hayes, following principles established by Baron and Kenny (1986).

### **3.10 Ethical Considerations**

The researcher adhered to fundamental ethical norms, including confidentiality, respect for the respondents' dignity, and honesty throughout the investigation. Before gathering data, ethical principles such as getting permission, not lying, keeping information private, respecting people's privacy, and protecting identity of all respondents were followed. The researcher also told the people who took part in the study what the research objectives were. The researcher took these factors into account since ethical research guidelines prohibit conducting studies without the consent of participants for the aforementioned reasons. For ethical reasons, the people who answered the questionnaire were told that the study was just for academic purposes and that they were under no obligation to answer. Respondents were told that they didn't have to fill out the questionnaire and that their participation was completely voluntary. They were also told that the research was only for academic purposes. In order to maintain academic integrity, all sources of material used in the study were appropriately cited and acknowledged.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

#### 4.0 Introduction

This chapter presents the findings derived from data analysis and interpretation in line with the study objectives. It covers the response rate, demographic characteristics of respondents, descriptive statistics of study variables, correlation analysis, hypotheses testing, and the mediation model.

#### 4.1 Response Rate

In this study, which primarily analyzed the SACCOs, all 70 selected SACCOs effectively engaged in the research. This is a 100% response rate, which is much higher than the 70% minimum that is usually needed for inferential statistical analysis (Amin, 2005) as shown in Table 4.1.

*Table 4.1: Response Rate*

|              | Frequency | Percentage Rate (%) |
|--------------|-----------|---------------------|
| Response     | 70        | 100%                |
| Non-response | 0         | 00%                 |
| Total        | 70        | 100%                |

*Source: Primary data (2025)*

#### 4.2 Demographic Composition of Study Respondents

This section analyzes the demographic features of the study respondents, concentrating on gender, age, and education levels as shown in table 4.2.

Based on the table, 62.3% of the respondents were men and 37.7% were women. This indicates that the study was gender-responsive, despite the predominance of male participants in the sample.

Table 4.2 also shows that most of the respondents (31.8%) were between the ages of 31 and 40, followed by 27.2% who were between the ages of 18 and 30, and 21.2% who were between the ages of 41 and 50. Additionally, 19.9% of the participants were 51 years old or older. It was noted that most of the respondents were between the ages of 18 and 50, which means that the views collected were representative of an economically active and productive age group.

In addition, Table 4.2 shows that the majority of respondents (31.8%) fell within the 31–40 years age bracket, followed by 27.2% in the 18–30 years category, and 21.2% in the 41–50 years age group. Furthermore, 19.9% of the respondents were aged 51 years and above. Generally, it was observed that majority of respondents were aged between 18 and 50 years, indicating that the views collected were representative of an economically active and productive age range.

Regarding educational level, the highest proportion of respondents (19.2%), had attained O-Level education, followed by 16.2% with a diploma, 13.9% with primary education, 12.9% with a certificate, and 12.6% with a bachelor's degree. A smaller proportion had A-Level qualifications (12.3%), while only 7% had no formal education and 6% possessed a master's degree or higher. This suggests that the respondents were fairly educated, with a mix of both lower and higher qualifications, hence offering diverse perspectives to the study.

**Table 4.2: Demographic Composition of Respondents**

|                                       | <b>Frequency</b> | <b>Percentage</b> |
|---------------------------------------|------------------|-------------------|
| <b>Gender of Respondents</b>          |                  |                   |
| Male                                  | 188              | 62.3%             |
| Female                                | 114              | 37.7%             |
| <b>Total</b>                          | <b>302</b>       | <b>100%</b>       |
| <b>Age of Respondents</b>             |                  |                   |
| 18–30 years                           | 82               | 27.2%             |
| 31–40 years                           | 96               | 31.8%             |
| 41–50 years                           | 64               | 21.2%             |
| 51–59 years                           | 39               | 12.9%             |
| 60 years & above                      | 21               | 7.0%              |
| <b>Total</b>                          | <b>302</b>       | <b>100%</b>       |
| <b>Education Level of Respondents</b> |                  |                   |
| No formal education                   | 21               | 7.0%              |
| Primary education                     | 42               | 13.9%             |
| O-Level                               | 58               | 19.2%             |
| A-Level                               | 37               | 12.3%             |
| Certificate                           | 39               | 12.9%             |
| Diploma                               | 49               | 16.2%             |
| Bachelor’s degree                     | 38               | 12.6%             |
| Masters and above                     | 18               | 6.0%              |
| <b>Total</b>                          | <b>302</b>       | <b>100%</b>       |

*Source: Primary data 2025*

### **4.3 Descriptive Statistics**

Descriptive statistics were computed for corporate governance, internal controls, and SACCO performance. The results, summarized in Table 4.3, provide an overview of the central tendencies and variability within the dataset, offering foundational insights for subsequent inferential analysis.

**Table 4.3: Descriptive Statistics**

| <b>Variable</b>      | <b>N</b> | <b>Mean</b> | <b>Std. Deviation</b> |
|----------------------|----------|-------------|-----------------------|
| Corporate Governance | 302      | 3.72        | 0.86                  |
| Internal Controls    | 302      | 3.81        | 0.87                  |
| SACCO Performance    | 302      | 4.24        | 0.81                  |

*Source: primary data (2025)*

From Table 4.3 above, the findings of the study show that most of the respondents agreed with the claims about the study variables as shown by the mean and standard deviation values. Specifically, the performance of SACCO received the highest level of agreement, with a mean score of 4.2412 and a standard deviation of 0.80664. This suggests that the respondents strongly agreed that SACCO performed well in the setting analyzed. Internal controls came next, with a mean of 3.8059 and a standard deviation of 0.87007, which means that people mostly agree with its role and suitability. Corporate governance, on the other hand, had the lowest mean score of 3.721 and a standard deviation of 0.860. This means that most people were favorable about it, but they were not as satisfied or confident in the current status of corporate governance. This considerably lower ranking may indicate perceived deficiencies or inefficiencies in corporate governance practices among SACCOs in Bukedea district.

#### **4.4 Correlation Analysis**

Pearson correlation analysis was employed to examine the relationships amongst corporate governance, internal controls, and SACCO performance as showed in Table 4.4.

##### **4.4.1 Corporate Governance and SACCO Performance**

Table 4.4 below shows that the study found a statistically significant positive correlation of 0.401 between corporate governance and SACCO performance at a 1% level of significance.

This means that better corporate governance practices lead to better SACCO performance. On the other hand, insufficient corporate governance is often linked to poor SACCO performance.

#### 4.4.2 Internal Controls and SACCO Performance

The study findings also indicate that there was a significant correlation of 0.538 between internal controls and SACCO performance at a 1% level of significance, implying that as internal controls are strengthened, SACCO performance tends to improve. Conversely, weak internal control mechanisms are likely to result in poor SACCO performance.

#### 4.4.3 Corporate Governance and Internal Controls

Additionally, the results in Table 4.4 shows that there was a statistically significant positive correlation of .453 between corporate governance and internal controls at a 1% level of significance. This means that better corporate governance is linked to better internal controls. On the other hand, poor corporate governance is linked to poor internal controls.

**Table 4.4.3: Correlation Analysis**

|                         | 1      | 2      | 3 |
|-------------------------|--------|--------|---|
| 1. Corporate Governance | -      |        |   |
| 2. Internal Controls    | .453** | -      |   |
| 3. SACCO Performance    | .401** | .538** | - |

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

Source: primary data (2025)

#### 4.5 Direct Hypothesis Testing

The study employed regression analysis to assess the predictive impact of the independent factors on the dependent variable, testing three direct hypotheses. This was consistent with the study objectives, specifically: (1) to analyze the impact of corporate governance on the

performance of savings and credit cooperative organizations (SACCOs); (2) to evaluate the correlation between corporate governance and internal controls; and (3) to ascertain the influence of internal controls on SACCO performance in Bukedea District, Uganda.

#### 4.5.1 Corporate Governance on SACCO Performance

A regression study was performed to evaluate the predictive capacity of corporate governance regarding the performance of savings and credit cooperative organizations (SACCOs). The initial hypothesis (**H1**) asserted that corporate governance significantly influences SACCO performance. Table 4.5.1 shows the results of this analysis.

**Table 4.5.1.1: Regression Testing for Corporate Governance and SACCO**

| Model |                      | Unstandardized |            | Standardized |        |      |
|-------|----------------------|----------------|------------|--------------|--------|------|
|       |                      | Coefficients   |            | Coefficients |        |      |
|       |                      | B              | Std. Error | Beta         | t      | Sig. |
| 1     | (Constant)           | 2.842          | .189       |              | 15.002 | .000 |
|       | Corporate Governance | .376           | .050       | .401         | 7.580  | .000 |

Note: N=70 a. Dependent Variable: SACCO Performance

Source: Primary data (2025)

The data in table above shows that the regression model can accurately predict SACCO performance at a 1% level of significance. There is a strong causal relationship of 0.401 between corporate governance and SACCO performance. This suggests that a one-unit improvement in corporate governance leads to a 0.401 rise in SACCO performance, which is statistically significant at the 1% level. The study accepted the premise that “*Corporate governance has a significant positive effect on SACCO performance*” based on this outcome.

#### 4.5.2 Internal Control on SACCO Performance

Regression analysis was used to find out how well internal controls could predict SACCO performance. The third hypothesis (H3) posited a major impact of internal control on SACCO performance. The findings of this investigation are displayed in Table 4.5.2 give real-world proof to help judge how strong and important this relationship is.

**Table 4.5.2: Regression Testing for Internal Control and SACCO Performance**

| Model |                  | Unstandardized Coefficients |            | Standardized Coefficients |        |      |
|-------|------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                  | B                           | Std. Error | Beta                      | t      | Sig. |
| 1     | (Constant)       | 2.342                       | .176       |                           | 13.299 | .000 |
|       | Internal Control | .499                        | .045       | .538                      | 11.064 | .000 |

Note: N=70 a. Dependent Variable: SACCO Performance

Source: primary data (2025)

The results in Table 4.5.2 above show that there is a strong positive causal link between SACCO performance and internal control ( $\beta = .538$ ,  $p < 0.01$ ). This indicates that an enhancement of one unit in internal control is associated with a 0.538 improvement in SACCO performance at a 1% level of significance. The study accepted the third hypothesis (H3) that “*Internal control has a significant effect on SACCO performance*” based on these data.

#### 4.5.3 Testing for the Mediating Effect of Internal Controls on the Relationship between Corporate Governance and SACCO Performance

The results in Table 4.5.3 offer robust empirical evidence for the notion that Internal Controls partially function as a mediator in the association between corporate governance and SACCO Performance. The analysis demonstrates that the impact of corporate governance on internal controls (path a) is both positive and statistically significant ( $\beta = 0.453$ ,  $p < 0.001$ ). This indicates that enhancements in corporate governance frameworks,

such as board accountability, transparency, and stakeholder engagement, are positively correlated with the efficacy of internal controls, including monitoring, risk assessment, and compliance procedures.

Path b also shows that internal controls are a good way to predict SACCO performance ( $\beta = 0.538, p < 0.001$ ). This means that strong internal controls are important for turning good governance practices into better SACCO performance. These results include higher levels of trust, contentment, and perceived financial gain among members.

The findings additionally indicate that the overall direct impact of corporate governance on SACCO Performance (route c) is substantial ( $\beta = 0.401, p < 0.001$ ), thereby validating that corporate governance independently enhances SACCO performance. When internal controls are added to the model as a mediator, the direct effect of corporate governance on SACCO performance (path c') drops to ( $\beta = 0.198, p < 0.001$ ), but it is still statistically significant. This decrease in the effect size shows that internal controls only partially explain the impact of corporate governance measures on SACCO performance.

These data strongly support the idea that internal controls are an important link between corporate governance and SACCO success. This shows how important strong internal controls are for getting long-term SACCO results.

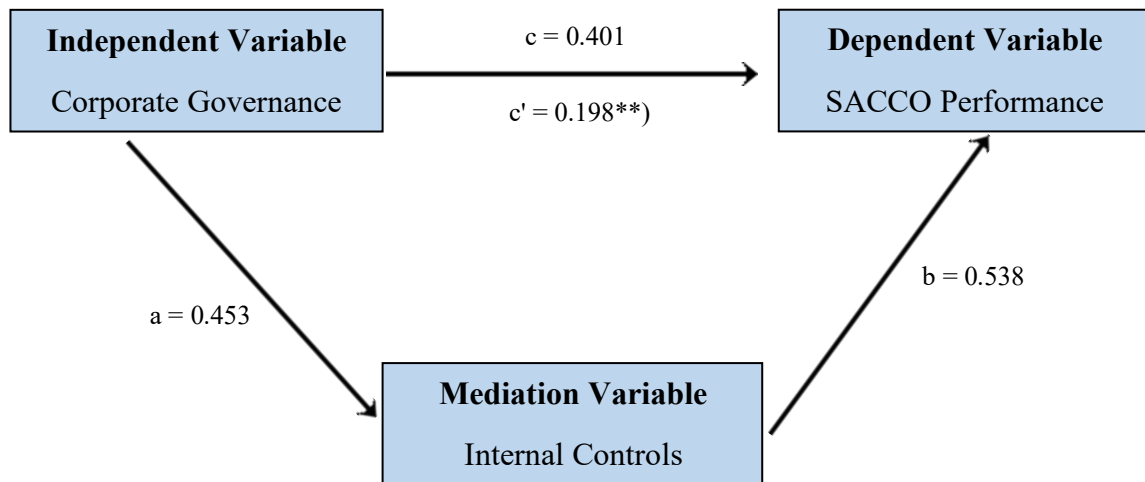
**Table 4.5.3: Mediation Results**

| <b>Path</b>   | <b>Effect (<math>\beta</math>)</b> | <b>t</b> | <b>p-value</b> |
|---|------------------------------------|----------|----------------|
| Path a (CG $\rightarrow$ IC)                                      | 0.453                              | 8.799    | <0.001         |
| Path b (IC $\rightarrow$ SP)                                      | 0.538                              | 11.064   | <0.001         |
| Path c (Total effect of CG $\rightarrow$ SP)                      | 0.401                              | 7.580    | <0.001         |
| Path c' (Direct effect of CG $\rightarrow$ SP controlling for IC) | 0.198                              | 3.697    | <0.001         |

|   |       |
|---|-------|
| Indirect effect (a x b)                   | 0.203 |
| Mediation Ratio (Indirect ÷ Total Effect) | 50.6% |

Source: Primary Data, (2025)

**Figure 2: Mediation Model**



\*\*Correlation is significant at the 0.01 level.

#### 4.6 Summary of Hypothesis Testing

The study was based on four hypotheses that were statistically examined to ascertain if the findings supported or refuted the presented hypotheses. Table 4.6 below shows the results of the testing.

**Table 4.6: Hypotheses Tested**

| Hypothesis Code       | Tested Hypothesis  | Result   |
|-----------------------|--|----------|
| <b>H<sub>1</sub>:</b> | Corporate governance has a significant effect on SACCO performance                     | Accepted |
| <b>H<sub>2</sub>:</b> | There is a significant association between corporate governance and internal controls. | Accepted |

|                       |  |          |
|-----------------------|--|----------|
| <b>H<sub>3</sub>:</b> | Internal controls have a significant effect on SACCO performance.                              | Accepted |
| <b>H<sub>4</sub>:</b> | Internal controls mediate the relationship between corporate governance and SACCO performance. | Accepted |

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## CHAPTER FIVE

### DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter provides extensive discussions, conclusions, and recommendations derived from the study's findings as emphasized in the preceding chapter.

#### 5.1 Discussion of Findings

This section provides a comprehensive analysis of the study's findings in relation to the research objectives.

##### 5.1.1 Effect of Corporate Governance on SACCO Performance

The study examined the impact of corporate governance on the performance of Savings and Credit Cooperative Societies (SACCOs) to fulfill the first research objective. The results indicated that corporate governance exerts a significant positive influence on SACCO performance. The findings imply that robust governance practices, including accountability, transparency, adherence to ethical standards, and effective board oversight, are pivotal in enhancing the financial sustainability, membership growth, and service delivery of SACCOs (Atukunda et al., 2024). The findings of this study align with the prior research conducted by Kibue and Mang'ana (2022), which asserted that effective corporate governance methods foster trust and confidence among SACCO members, consequently facilitating the mobilization of funds and the acquisition of loans. Effective corporate governance enhances efficiency and long-term stability by minimizing instances of mismanagement and ensuring that choices coincide with member interests (Bui & Krajcsák, 2024).

Comparative investigations also show that good corporate governance has a positive effect on SACCO performance. For instance, Eshikumo and Makokha (2021) looked at how

cooperative financial institutions in Nairobi City County, Kenya, ran their businesses and found that SACCOs with effective governance frameworks had faster capital growth and happier members. Their research showed that SACCOs with good governance are better able to lower financial risks, make sure everyone is responsible, and keep their operations going in a way that is good for the environment. This is especially true for SACCOs in rural areas and communities, where insufficient governance can put members' savings at greater danger.

A study by Gebrehiwet (2022) further corroborated these findings, indicating that increased board competency and independence can result in quantifiable enhancements in SACCO performance. Their research substantiates the premise that SACCO boards comprising proficient and well-trained executives who prioritize member interests enhance operational efficiency through improved decision-making, effective risk management, and judicious resource allocation (Bosco & Moses, 2023). Similarly, a thorough analysis by Chisi and Gondwe (2017) revealed that the efficacy of corporate governance in SACCOs is contingent not only on the existing governance frameworks but also on the constant application and enforcement of governance principles. Their analysis indicated that SACCOs using participatory decision-making, consistent performance reviews, and evidence-based strategic planning generally attain superior financial performance and enduring member trust.

Consequently, the research findings enhance the existing body of knowledge by filling the gap regarding the impact of corporate governance on SACCOs in rural Uganda, as most studies have predominantly concentrated on urban SACCOs, neglecting the rural environment. This study emphasizes the impact of corporate governance difficulties, such as inadequate board member training, insufficient financial literacy, and informal decision-making, on performance by concentrating on SACCOs in Bukedea. The results indicate that

governance improvements can enhance financial stability, increase membership, and ensure long-term sustainability, even in resource-limited environments.

According to Agency Theory, the results show that good corporate governance reduces agency conflicts by making sure that management choices are accountable and in line with the interests of members. This improves the performance of SACCOs. So, it is still important for SACCOs in Uganda, even those in rural areas, to make their corporate governance structures stronger.

### **5.1.2 Corporate Governance and Internal Controls**

The second goal was to find out how corporate governance and internal controls are related. The results showed a strong link between corporate governance and internal controls in SACCOs in Bukedea District. This means that better governance structures, more accountable leaders, and better decision-making practices are linked to stronger internal controls, such as following financial policies, monitoring compliance, and having risk management frameworks in place within the SACCOs. The results are in line with what Nalukenge et al. (2017) found before: that corporate governance is very important for improving internal financial controls in member-based financial institutions. Their research emphasized that SACCOs possessing well-organized boards, distinct lines of authority, and open governance methods are more inclined to implement internal checks and balances, perform frequent audits, and protect members' cash. In this sense, good governance not only holds people accountable, but it also makes stakeholders feel more confident (Koeswayo et al., 2024).

Twinematsiko's (2025) study backs up these findings by showing that SACCOs with good governance frameworks are better at following financial rules, keeping an eye on management, and reporting. Their cross-district study found that strong governance keeps

finances in order, which lowers the chances of fraud, mismanagement, and resource leaks in member-owned banks. The results also support the study of Musah et al. (2025), which said that excellent corporate governance creates an environment of openness and responsibility that immediately improves internal controls. When boards have the power to impose ethical standards, look over financial reports, and oversee managerial decisions, internal controls like following the budget, keeping track of spending, and assessing risks become part of the institution (Twinematsiko, 2025). The study emphasized that efficient governance serves as a protection against opportunistic conduct and fosters the enduring viability of SACCOs.

The results also support the ideas of Agency Theory, which says that governance frameworks are important for lowering agency conflicts and making sure that managers operate in the best interests of members (Al-Faryan, 2024). In Bukedea District, where SACCOs often work in low-trust environments and have little regulatory oversight, strong corporate governance makes sure that leaders are still responsible to members. Internal control systems, on the other hand, make sure that compliance is enforced and resources are protected. The results support Agency Theory by showing that good governance structures lower agency conflicts by strengthening internal controls, which makes sure that members are accountable, follow the rules, and preserve their resources. As corporate governance standards improve, internal control mechanisms get stronger. This creates a relationship of dependence that encourages financial integrity, sustainability, and trust within the SACCOs.

This study fills an important gap in the literature by looking into how corporate governance influences internal controls in rural SACCOs. A lot of the study that has been done so far has been on metropolitan or national-level organizations. It hasn't looked at the specific problems that community-based SACCOs in places like Bukedea face. This study elucidates the interrelationship between corporate governance and internal controls in a rural context,

offering novel perspectives on how SACCOs might enhance resilience and safeguard member assets through specific governance reforms.

### **5.1.3 Effect of Internal Controls on SACCO Performance**

The third goal was to look into how internal controls affect the functioning of SACCO. The results showed that internal controls had a big beneficial effect on SACCO performance in Bukedea district. This means that making internal controls better will make SACCOs more efficient and increase their overall performance. As internal controls improve, SACCOs can better protect members' money, lower the chances of fraud and mismanagement, and reach their financial and social goals. These results are consistent with the existing literature, which consistently demonstrates that internal controls are a vital factor influencing the financial and operational success of member-based financial institutions. For instance, Kung'u et al. (2024) showed that internal controls have a big and favorable effect on SACCO performance in Kenya. Their research underscored that strong internal controls mitigate money leakages and enhance member trust in the institution.

John and Nyamboga (2024) also discovered that the control environment has a big effect on how well SACCOs do financially in Kiruhura District, Uganda. Their results showed that internal controls make institutions more accountable, which in turn makes SACCOs work better. Moses et al. (2023) also found that internal control measures including dividing up tasks, doing independent inspections, and managing risk had a big positive effect on the performance of SACCOs in Rukiga District. Their research indicated that SACCOs with effectively executed internal controls are more proficient in managing member savings, responsibly extending credit, and ensuring financial stability.

The results from Bukedea District align with empirical evidence throughout Uganda, indicating that SACCOs with robust internal controls achieve enhanced financial

sustainability, accountability, and service delivery to members. According to Agency Theory, the results suggest that robust internal controls work as monitoring tools that stop managers from acting in their own best interests, align their activities with the interests of members, and ultimately improve the performance of SACCOs. In Bukedea, where SACCOs are the main banks for people who don't have access to other banks, good internal controls are important for keeping limited resources safe and maintaining trust over time.

This study fills a significant gap in the literature by concentrating on the rural SACCO setting, which has been little examined in comparison to urban or national-level institutions. The report offers novel insights into enhancing accountability, improving service delivery, and ensuring financial sustainability in rural SACCOs through targeted internal control reforms by analyzing the impact of internal controls on performance in Bukedea. These findings have practical significance for SACCO leaders, regulators, and development partners seeking to improve the efficiency and trustworthiness of cooperative finance in rural Uganda.

#### **5.1.4 Corporate Governance, Internal Controls and Performance**

The fourth goal of the study was to find out how much internal controls affect the link between corporate governance and SACCO performance in Bukedea District. The mediation model indicated that the initial relationship between corporate governance and SACCO performance was positive and statistically significant. However, upon the introduction of internal controls as a mediating variable, the strength of this relationship diminished yet remained statistically significant. This decrease means that internal controls partially mediate the link between corporate governance and SACCO performance among SACCOs in Bukedea District. This means that corporate governance has a direct effect on

SACCO performance, but a large part of that effect works through making internal controls stronger.

This result shows what really happens in SACCOs in Bukedea, where they kept having problems with financial misreporting and slow loan recovery until they made their internal control systems stronger by adding things like compliance checks, audit trails, and risk assessments. Consequently, corporate governance reforms have not consistently resulted in enhanced performance.

This finding aligns with empirical literature demonstrating that governance systems in financial cooperatives are more effective when supported by stringent internal controls. For instance, Koeswayo et al. (2024) shown that SACCOs with more robust control frameworks attain superior financial performance due to the translation of governance procedures into compliance monitoring, accountability, and risk management. Internal controls function as the operational mechanisms by which governance improves performance.

Turyahebwa et al. (2022) similarly discovered that internal controls substantially affect the capacity of SACCOs to realize their objectives. Their research underscored that governance devoid of robust internal control may not provide enhanced performance, as internal controls facilitate the conversion of leadership approaches into concrete institutional results. Nalukenge et al. (2017) also stressed that good internal control measures strengthen governance structures by making sure that people are held accountable, that things are done in a clear way, and that rules are followed. Their research indicated that SACCOs with strong internal controls were more stable, long-lasting, and able to give members more value.

Consequently, the results from Bukedea District validate that internal controls function as a partial mediator in the correlation between corporate governance and SACCO performance.

This means that corporate governance is important for performance, but it works much better when there are robust internal controls in place. According to Agency Theory, the mediation effect shows that internal controls are ways to keep an eye on things and make sure that governance principles are put into action. This reduces agency conflicts and improves SACCO performance. The partial mediation illustrates the intricacy of SACCO operations, wherein excellent governance establishes the framework, while internal controls guarantee the successful execution of policies, choices, and initiatives to enhance financial sustainability, accountability, and member confidence.

This study fills a significant void in the literature by experimentally substantiating the mediating function of internal controls within a rural SACCO framework. Prior research has analyzed corporate governance and SACCO performance independently; however, limited studies have explored the implementation of internal controls in governance within rural contexts such as Bukedea. This study provides novel insights into the complex dynamics of SACCO management and offers practical recommendations for enhancing cooperative organizations through integrated governance and control mechanisms.

## **5.2 Conclusion**

The objective of the study was to ascertain the mediating influence of internal controls on the link between corporate governance and SACCO performance in Bukedea District, Uganda. Based on agency theory and supported by empirical evidence, the study identified four principal findings.

The study established a significant positive correlation between corporate governance and SACCO performance, indicating that SACCOs that adopt robust corporate governance practices, including board accountability, decision-making transparency, and stakeholder engagement, are likely to experience enhanced financial stability and greater member trust.

On the other hand, poor corporate governance makes members less confident, increases the chances of mismanagement, and makes it harder for SACCOs to expand and be stable over the long run. These results show how important corporate governance is for SACCO outcomes and support the idea that good governance reduces agency conflicts and aligns the interests of the organization with those of its members.

Second, the results showed that there is a strong favorable link between corporate governance and internal controls. SACCOs that have better governance processes, such as boards that are competent and accountable and CEOs who are open and honest, are more likely to have robust internal controls, such as procedures for monitoring compliance, overseeing finances, and assessing risk. These kinds of controls not only protect the institution's assets, but they also improve financial discipline and make operations more open. This research contributes to the existing literature demonstrating that corporate governance not only enhances performance but is also essential for the establishment of efficient internal control systems. It stresses how corporate governance and internal controls are linked and how better corporate governance leads to better internal controls.

Third, the study shows that internal controls have a direct and big effect on how well SACCOs do. SACCOs that have good internal controls, such as separating duties, audits, monitoring systems, and risk reduction tools, can better protect members' money, cut down on fraud, and run smoothly. So, strong internal controls make members more confident, improve service delivery, and help SACCOs stay in business. On the other hand, insufficient internal controls cause inefficiencies, loss of resources, and worse performance. This conclusion supports the function of internal controls as both a protective and strategic resource in the management of SACCOs.

The analysis shows that internal controls only partly moderate the link between corporate governance and SACCO performance. Corporate governance sets the strategic direction and accountability framework, whereas internal controls put these ideas into action every day, which has a direct impact on performance. The partial mediation suggests that good corporate governance is not enough on its own, since it works much better when combined with strong internal controls to improve performance. Without strong internal controls, the benefits of governance could be lessened and may not lead to better performance results. Corporate governance and internal control are two systems that work together to determine how well a SACCO does. Good governance sets the rules for being accountable and open, and internal controls make sure that these rules are followed. To make sure that SACCOs in Bukedea District are financially stable, members trust them, and they provide good service, they need to develop their governance structures, build the board's capacity, and make internal controls a permanent part of their operations. SACCOs can solve operational problems, lower risks, and improve their long-term viability in a competitive and resource-limited environment by integrating corporate governance standards with strong internal controls.

### **5.3 Recommendations**

#### **5.3.1 Corporate Governance on SACCO Performance**

SACCO leaders should choose board members based on their honesty, financial knowledge, and relevant abilities to improve the board's composition, mission, and performance. Boards can also set term limits, execute annual reviews, and set up nomination committees to make sure that leaders are capable and to improve accountability tools like performance scorecards and clear action points.

SACCOs should also make openness and member involvement part of their normal operations by holding quarterly meetings, reporting on finances regularly, and using digital channels. Grievance redress systems and open forums are examples of structured feedback channels that will allow members a say in how things are run, build trust, encourage savings, and make sure that operations stay in line with what members want.

### **5.3.2 Corporate Governance and Internal Controls**

SACCOs should officially connect their governance structures to their internal control duties. Boards should set up audit and risk committees with explicit charters that put governance rules into action by keeping an eye on financial management, compliance, and monitoring operations. SACCOs can make sure that their governance mechanisms turn into real protections against mismanagement and inefficiencies by making internal control a regular topic of discussion at board meetings.

It is also suggested that SACCOs set up official internal audit functions and make it essential for all members to report on controls. Even smaller SACCOs can fill in holes in their capabilities by hiring qualified companies to do their internal audits. Internal auditors should be able to report directly to the board audit committee, and members should be able to see their findings clearly. Regular compliance evaluations will make people more responsible, help manage risks better, and enhance the link between governance and internal control.

### **5.3.3 Internal Controls on SACCO Performance**

SACCOs should make things like separating roles, getting approvals, reconciling accounts, and doing regular audits a part of their normal business. To make sure that everyone is held accountable and that things are done the same way every time, these should be written down in a standard internal control manual. Using these steps regularly will lower the risk of fraud,

mistakes, and theft of member cash. Putting these controls into place correctly will directly make operations more efficient, build confidence, and improve the overall performance of the SACCO.

It is also a good idea for SACCOs to use the right financial management software and teach their employees how to use it well. Automated systems can assist make sure that jobs are separated, keep track of audits, and make reconciliations happen on schedule. Putting money into cheap digital tools and giving staff and board members thorough training will make things more open and lower the chances of financial malpractice. SACCOs will improve service to their members and increase internal controls by updating how they handle money.

#### **5.3.4 Corporate Governance, Internal Controls and Performance**

It is suggested that changes to governance be made together with investments in internal controls. SACCO boards should set aside money in their budgets just for tasks that help with internal control, like risk assessment, monitoring, and internal audit. To see how well internal controls are working, measurable key performance indicators like audit closure rates and compliance ratings should be put in place.

Regulators and politicians should also make capacity-building programs stronger and set minimum requirements for governance and internal control in SACCOs. Agencies like UMRA should compel SACCO leaders and managers to get regular training, make common templates for internal controls, and make sure that everyone follows the rules. Regulators can also give SACCOs that show compliance and improvement incentives like access to technical help or better funding to get more people to use the service.

#### **5.4 Limitations of the Study**

The study was done on a tight budget, which limited the size of the sample and the amount of fieldwork that could be done. To make the best use of resources, data collection was focused on SACCOs in Bukedea District that were chosen on purpose since they had the most members and activities.

The study was also limited by a set academic schedule, which limited the time available for collecting and analyzing data. To deal with this, the study used structured questionnaires and hired professional research assistants to help with the surveys. This method made things more efficient and made sure that a lot of accurate data was gathered in a short amount of time.

There were also language obstacles because some people felt more comfortable speaking in their local dialect than in English. To lessen this, interpreters who knew the local language were hired to help with data collecting, and the questionnaires were made easier to understand. This method made sure that the people who answered the questions understood them well and gave answers that were both correct and useful.

Lastly, it was hard to get information from SACCOs. A lot of SACCOs didn't have centralized or digitized record-keeping systems, which made it hard to get reliable information on how they governed themselves, how they controlled their finances, and how well they did. Sometimes, board members and staff were afraid to reveal private financial or operational information because they were worried about privacy or being looked at by outsiders. This restricted data access may have hampered the study depth and maybe influenced the findings' generalizability among district SACCOs.

## **5.5 Areas for Further Research**

The paper suggests additional research on corporate governance, internal control, and SACCO performance in regions of Uganda outside Bukedea District. Because SACCOs work in different cultural, economic, and political settings, research that compare them across several districts or regions would provide us a better picture and make the results more useful. These investigations might also find problems and chances for better governance in certain areas that weren't included in the current scope.

The study also suggests that more research should be done on how technology may help SACCOs improve their internal controls and governance. As financial services become more digital, there is need to look at how digital platforms, mobile banking, and accounting software can make SACCOs more open, cut down on fraud, and boost performance. Such studies would facilitate evidence-based integration of technology as a catalyst for accountability and efficiency.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE FOR RESPONDENTS

Dear Respondent,

I am a student at Busitema University, pursuing a Master’s degree in Business Administration. I am carrying out research on “*Corporate Governance, Internal Controls and Performance of Savings and Credit Cooperative Organizations (SACCOS) in Bukedea District, Uganda*”. You have been selected as one of the respondents whose input will be of great value in this research process. You are therefore humbly requested to respond to the following questions. The information provided will be treated with utmost confidentiality and used only for this study.

#### SECTION A: RESPONDENT’S PERSONAL DATA

Please provide the information required by ticking in the appropriate box.

1. Gender

Male  Female

2. Age

18 – 30yrs  31 – 40yrs  41 – 50yrs  51 – 59yrs  60yrs & above

3. Academic Qualification:

No formal education  Primary education  O-Level  A-Level

Certificate  Diploma  Bachelor’s degree  Masters and above

#### SECTION B: CORPORATE GOVERNANCE

For each question, please indicate your level of agreement by checking the box that best reflects your perception.

|                          |                 |                |              |                       |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| <b>1</b>                 | <b>2</b>        | <b>3</b>       | <b>4</b>     | <b>5</b>              |
| <b>Strongly Disagree</b> | <b>Disagree</b> | <b>Neutral</b> | <b>Agree</b> | <b>Strongly Agree</b> |

| No. | Statement                   |   |   |   |   |   |
|-----|-----------------------------|---|---|---|---|---|
|     | <b>BOARD ACCOUNTABILITY</b> | 1 | 2 | 3 | 4 | 5 |

|  |  |   |   |   |   |   |
|--|--|---|---|---|---|---|
| 1.                                     | The SACCO board regularly shares accurate and timely financial information with members.                     | 1 | 2 | 3 | 4 | 5 |
| 2.                                     | Board members are held accountable for their decisions and actions on behalf of the SACCO.                   | 1 | 2 | 3 | 4 | 5 |
| 3.                                     | The board effectively monitors SACCO performance.  | 1 | 2 | 3 | 4 | 5 |
| 4.                                     | Members are given opportunities to question and evaluate board performance.                                  | 1 | 2 | 3 | 4 | 5 |
| 5.                                     | The board addresses member concerns and feedback transparently and responsibly.                              | 1 | 2 | 3 | 4 | 5 |
| <b>TRANSPARENCY IN DECISION-MAKING</b> |  |   |   |   |   |   |
| 6.                                     | The SACCO clearly communicates major decisions and the reasons behind them to members.                       | 1 | 2 | 3 | 4 | 5 |
| 7.                                     | Members are informed in advance about important decisions that affect the SACCO.                             | 1 | 2 | 3 | 4 | 5 |
| 8.                                     | The decision-making process in the SACCO is open and inclusive.  | 1 | 2 | 3 | 4 | 5 |
| 9.                                     | SACCO policies and procedures are accessible and understandable to all members.                              | 1 | 2 | 3 | 4 | 5 |
| 10.                                    | The board provides sufficient explanations when implementing changes in SACCO operations.                    | 1 | 2 | 3 | 4 | 5 |
| <b>STAKEHOLDER INVOLVEMENT</b>         |  |   |   |   |   |   |
| 11.                                    | SACCO involves members in key decision-making processes.   | 1 | 2 | 3 | 4 | 5 |
| 12.                                    | Members are regularly consulted on matters affecting the direction of the SACCO.                             | 1 | 2 | 3 | 4 | 5 |
| 13.                                    | Member feedback is considered when formulating SACCO policies and plans.                                     | 1 | 2 | 3 | 4 | 5 |
| 14.                                    | SACCO creates opportunities for all stakeholders to participate in annual general meetings and other forums. | 1 | 2 | 3 | 4 | 5 |

|     |   |   |   |   |   |   |
|-----|---|---|---|---|---|---|
| 15. | The views of all stakeholders are respected and integrated into SACCO governance. | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|

### SECTION C: INTERNAL CONTROL

For each question, please indicate your level of agreement by checking the box that best reflects your perception.

|                          |                 |                |              |                       |
|--------------------------|-----------------|----------------|--------------|-----------------------|
| 1                        | 2               | 3              | 4            | 5                     |
| <b>Strongly Disagree</b> | <b>Disagree</b> | <b>Neutral</b> | <b>Agree</b> | <b>Strongly Agree</b> |

| No. | Statement   |   |   |   |   |   |
|-----|---|---|---|---|---|---|
|     | <b>CONTROL ACTIVITIES</b>   |   |   |   |   |   |
| 1.  | SACCO has clear procedures for authorizing transactions and operations.     | 1 | 2 | 3 | 4 | 5 |
| 2.  | Segregation of duties is practiced preventing fraud and errors.             | 1 | 2 | 3 | 4 | 5 |
| 3.  | SACCO regularly checks that policies and procedures are followed.           | 1 | 2 | 3 | 4 | 5 |
| 4.  | There are internal checks to detect irregularities in financial operations. | 1 | 2 | 3 | 4 | 5 |
| 5.  | Approval and verification processes are consistently enforced.              | 1 | 2 | 3 | 4 | 5 |
|     | <b>RISK ASSESSMENT</b>  |   |   |   |   |   |
| 6.  | SACCO identifies and evaluates potential financial and operational risks.   | 1 | 2 | 3 | 4 | 5 |
| 7.  | Management has clear strategies for addressing and mitigating key risks.    | 1 | 2 | 3 | 4 | 5 |
| 8.  | Risk assessment is conducted regularly to adapt to changing conditions.     | 1 | 2 | 3 | 4 | 5 |
| 9.  | The SACCO prioritizes activities based on their risk level.                 | 1 | 2 | 3 | 4 | 5 |
|     | <b>MONITORING AND EVALUATION</b>  |   |   |   |   |   |

|     |  |   |   |   |   |   |
|-----|--|---|---|---|---|---|
| 10. | The SACCO has a system for tracking performance and compliance.              | 1 | 2 | 3 | 4 | 5 |
| 11. | Reports from audits and evaluations are taken seriously and acted upon.      | 1 | 2 | 3 | 4 | 5 |
| 12. | Monitoring results are shared with members or relevant committees.           | 1 | 2 | 3 | 4 | 5 |
| 13. | SACCO uses evaluation findings to improve internal processes and governance. | 1 | 2 | 3 | 4 | 5 |

#### SECTION D: SACCO PERFORMANCE

For each question, please indicate your level of agreement by checking the box that best reflects your perception.

|                          |                 |                  |              |                       |
|--------------------------|-----------------|------------------|--------------|-----------------------|
| 1                        | 2               | 3                | 4            | 5                     |
| <b>Strongly Disagree</b> | <b>Disagree</b> | <b>Note sure</b> | <b>Agree</b> | <b>Strongly Agree</b> |

| No. | Statement   |   |   |   |   |   |
|-----|---|---|---|---|---|---|
|     | <b>SERVICE SATISFACTION</b>   |   |   |   |   |   |
| 1.  | SACCO responds promptly to member needs and concerns.                     | 1 | 2 | 3 | 4 | 5 |
| 2.  | The staff are professional, helpful, and courteous.                       | 1 | 2 | 3 | 4 | 5 |
| 3.  | SACCO's services meet my financial needs.                                 | 1 | 2 | 3 | 4 | 5 |
| 4.  | I would recommend SACCO's services to others.                             | 1 | 2 | 3 | 4 | 5 |
|     | <b>TRUST IN THE SACCO</b>   |   |   |   |   |   |
| 5.  | I believe our SACCO operates in the best interests of its members.        | 1 | 2 | 3 | 4 | 5 |
| 6.  | The SACCO leadership is honest and transparent in its operations.         | 1 | 2 | 3 | 4 | 5 |
| 7.  | I feel confident that my savings and investments are safe with the SACCO. | 1 | 2 | 3 | 4 | 5 |
| 8.  | SACCO keeps its promises and commitments to members.                      | 1 | 2 | 3 | 4 | 5 |

|     |  |   |   |   |   |   |
|-----|--|---|---|---|---|---|
| 9.  | I trust the information and reports provided by the SACCO.   | 1 | 2 | 3 | 4 | 5 |
|     | <b>PERCEIVED FINANCIAL GROWTH</b>                            |   |   |   |   |   |
| 10. | I have experienced financial growth since joining the SACCO. | 1 | 2 | 3 | 4 | 5 |
| 11. | SACCO provides affordable and beneficial loan products.      | 1 | 2 | 3 | 4 | 5 |
| 12. | I believe our SACCO is financially stable and growing.       | 1 | 2 | 3 | 4 | 5 |

**THANK YOU**

## APPENDIX II: KREJCIE AND MORGAN'S TABLE

| N  | S  | N   | S   | N   | S   | N    | S   | N       | S   |
|----|----|-----|-----|-----|-----|------|-----|---------|-----|
| 10 | 10 | 100 | 80  | 280 | 162 | 800  | 260 | 2800    | 338 |
| 15 | 14 | 110 | 86  | 290 | 165 | 850  | 265 | 3000    | 341 |
| 20 | 19 | 120 | 92  | 300 | 169 | 900  | 269 | 3500    | 346 |
| 25 | 24 | 130 | 97  | 320 | 175 | 950  | 274 | 4000    | 351 |
| 30 | 28 | 140 | 103 | 340 | 181 | 1000 | 278 | 4500    | 354 |
| 35 | 32 | 150 | 108 | 360 | 186 | 1100 | 285 | 5000    | 357 |
| 40 | 36 | 160 | 113 | 380 | 191 | 1200 | 291 | 6000    | 361 |
| 45 | 40 | 170 | 118 | 400 | 196 | 1300 | 297 | 7000    | 364 |
| 50 | 44 | 180 | 123 | 420 | 201 | 1400 | 302 | 8000    | 367 |
| 55 | 48 | 190 | 127 | 440 | 205 | 1500 | 306 | 9000    | 368 |
| 60 | 52 | 200 | 132 | 460 | 210 | 1600 | 310 | 10000   | 370 |
| 65 | 56 | 210 | 136 | 480 | 214 | 1700 | 313 | 15000   | 375 |
| 70 | 59 | 220 | 140 | 500 | 217 | 1800 | 317 | 20000   | 377 |
| 75 | 63 | 230 | 144 | 550 | 226 | 1900 | 320 | 30000   | 379 |
| 80 | 66 | 240 | 148 | 600 | 234 | 2000 | 322 | 40000   | 380 |
| 85 | 70 | 250 | 152 | 650 | 242 | 2200 | 327 | 50000   | 381 |
| 90 | 73 | 260 | 155 | 700 | 248 | 2400 | 331 | 75000   | 382 |
| 95 | 76 | 270 | 159 | 750 | 254 | 2600 | 335 | 1000000 | 384 |

*Note: N is Population Size; S is Sample Size* *Source: Krejcie & Morgan, 1970*

### APPENDIX III: LIST OF PILOT SACCOS

---

| <b>Sn</b> | <b>SACCO NAME</b>                            |
|-----------|--|
| 1         | AKADOT FARMERS SACCO LTD                     |
| 2         | AKIBUI SACCO LTD                             |
| 3         | KACHABOI DEVELOPMENT SACCO LTD               |
| 4         | KAMACA OBOTIA SACCO LTD                      |
| 5         | KANYUM TEACHERS SACCO LTD                    |
| 6         | KANYUM UNITED SACCO LTD                      |
| 7         | KUMI GOVERNMENT PENSIONERS SACCO LTD         |
| 8         | KUMI PENTECOSTAL ASSEMBLIES OF GOD SACCO LTD |
| 9         | KUMI TEACHERS SACCO LTD                      |
| 10        | NYERO FARMERS SACCO LTD                      |
| 11        | OMATENGA SACCO LTD                           |
| 12        | PROGRESSIVE KUMI TEACHERS SACCO LTD          |
| 13        | KUMI DEVELOPMENT SACCO LTD                   |
| 14        | KUMI HOSPITAL STAFF SACCO LTD                |
| 15        | MUKONGORO FARMERS SACCO LTD                  |

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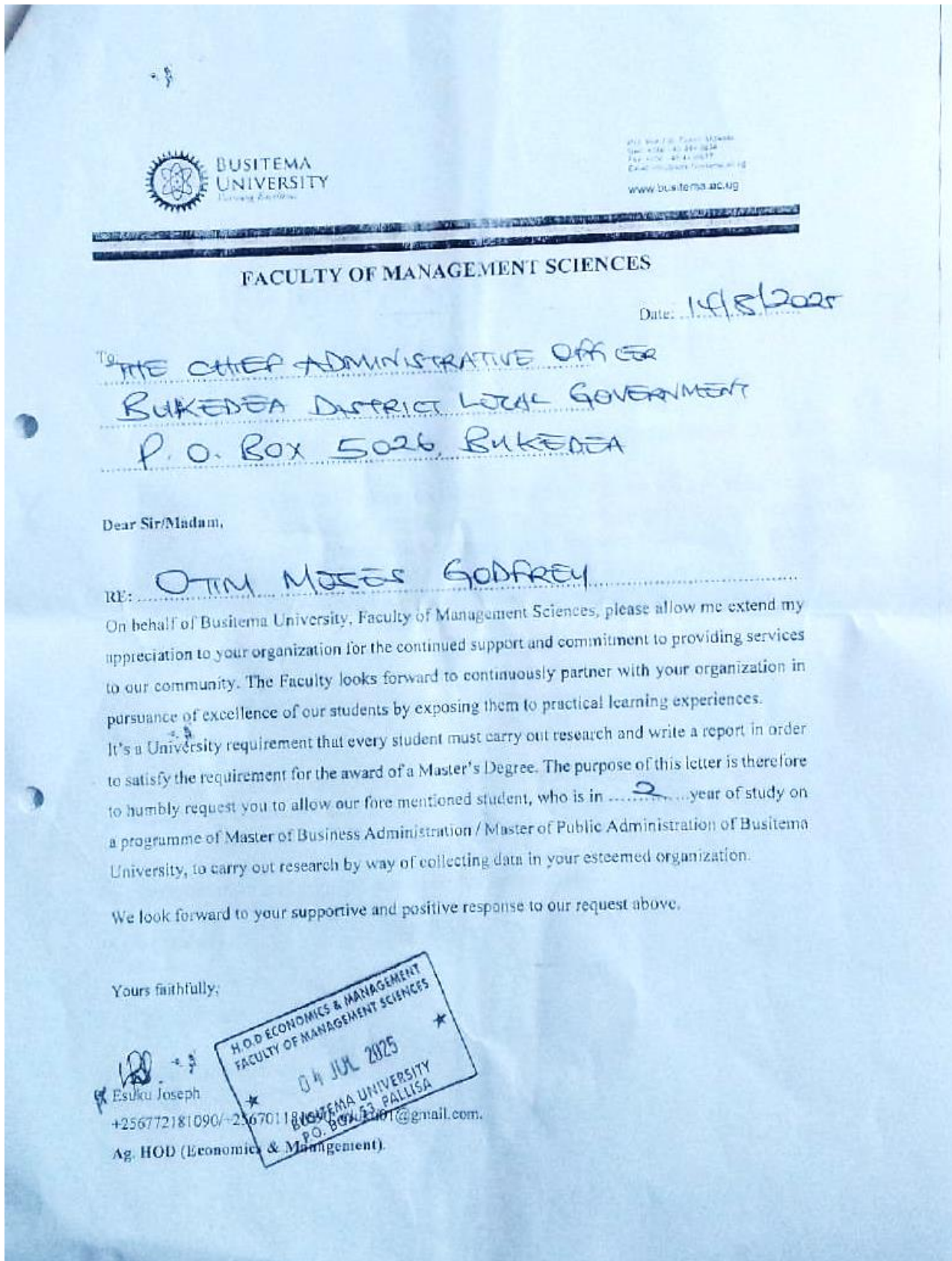
**APPENDIX IV: LIST OF REGISTERED SACCOs IN BUKEDEA DISTRICT**

| <b>SN</b> | <b>NAME OF SACCO</b>                             |
|-----------|--|
| 1         | ABILAEP OILSEED FARMERS SACCO LTD                |
| 2         | AIPECITOI SACCO LTD                              |
| 3         | AMUEN MULTIPURPOSE COOPERATIVE SOCIETY           |
| 4         | BUKADESU SACCO LTD                               |
| 5         | BUKEDEA CATTLE MARKET VENDORS SACCO LTD          |
| 6         | BUKEDEA COUNTY BODA-BODA SACCO LTD               |
| 7         | BUKEDEA COUNTY CARPENTERS SACCO LTD              |
| 8         | BUKEDEA COUNTY ELECTED LEADERS SACCO LTD         |
| 9         | BUKEDEA COUNTY FISHMONGERS SACCO LTD             |
| 10        | BUKEDEA COUNTY JOURNALISTS SACCO LTD             |
| 11        | BUKEDEA COUNTY MARKET VENDORS SACCO LTD          |
| 12        | BUKEDEA COUNTY MECHANICS SACCO LTD               |
| 13        | BUKEDEA COUNTY PERFORMING ARTISTS SACCO LTD      |
| 14        | BUKEDEA COUNTY PERSONS WITH DISABILITY SACCO LTD |
| 15        | BUKEDEA COUNTY PRODUCE DEALERS SACCO LTD         |
| 16        | BUKEDEA COUNTY RESTAURANT OWNERS SACCO LTD       |
| 17        | BUKEDEA COUNTY SALON OPERATORS SACCO LTD         |
| 18        | BUKEDEA COUNTY TAILORS SACCO LTD                 |
| 19        | BUKEDEA COUNTY TAXI OPERATORS SACCO LTD          |
| 20        | BUKEDEA COUNTY VETERANS SACCO LTD                |
| 21        | BUKEDEA COUNTY WELDERS SACCO LTD                 |
| 22        | BUKEDEA COUNTY WOMEN ENTREPRENEURS SACCO LTD     |
| 23        | BUKEDEA COUNTY YOUTH LEADERS SACCO LTD           |
| 24        | BUKEDEA DISTRICT BODABODA RIDERS SACCO LTD       |
| 25        | BUKEDEA DISTRICT CRIME PREVENTORS SACCO LTD      |
| 26        | BUKEDEA DISTRICT MUSLIM SACCO LTD                |
| 27        | BUKEDEA DISTRICT OLDERS PERSONS SACCO LTD        |
| 28        | BUKEDEA DISTRICT VETERANS SACCO LTD              |
| 29        | BUKEDEA DISTRICT WOMEN SACCO LTD                 |

- 30 BUKEDEEA EMORIKIKINOS SACCO LTD
- 31 BUKEDEEA HONEY PRODUCERS SACCO LTD
- 32 BUKEDEEA NEWHOPE JUNIOR SCHOOL SACCO LTD
- 33 BUKEDEEA NURSES AND MIDWIVES SACCO LTD
- 34 BUKEDEEA OLD EYE SACCO LTD
- 35 BUKEDEEA ORONGAT VENDORS COOPERATIVE SOCIETY
- 36 BUKEDEEA PERSONS WITH FOCUS SACCO LTD
- 37 BUKEDEEA POVERTY ALLEVIATION SACCO LTD
- 38 BUKEDEEA RURAL FARMERS SACCO LTD
- 39 BUKEDEEA SUNFLOWER GROWERS SACCO LTD
- 40 BUKEDEEA TEACHERS SACCO LTD
- 41 BUKEDEEA TOWN COUNCIL BUSINESS COMMUNITY SACCO LTD
- 42 BUKEDEEA TOWN COUNCIL SACCO LTD
- 43 BUKEDEEA WOMEN OF FOCUS SACCO LTD
- 44 DIDIS KABARWA FARMERS SACCO LTD
- 45 EASTERN LOWLAND AGRO AND INPUT DEALERS SACCO LTD
- 46 EJO-ISIO SACCO LTD
- 47 EMONO ITESO SACCO LTD
- 48 IKAMUGEO SACCO LTD
- 49 KACHEDE OILSEED FARMERS SACCO LTD
- 50 KACHUMBALA COUNTY BODA BODA SACCO LTD
- 51 KACHUMBALA COUNTY CARPENTERS SACCO LTD
- 52 KACHUMBALA COUNTY ELECTED LEADERS SACCO LTD
- 53 KACHUMBALA COUNTY FISHMONGERS SACCO LTD
- 54 KACHUMBALA COUNTY JOURNALISTS SACCO LTD
- 55 KACHUMBALA COUNTY MARKET VENDORS SACCO LTD
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79 KORENG OILSEED FARMERS SACCO LTD  
80 KOTIOKOT OILSEED FARMERS SACCO LTD  
81 KOUTULAI AIRAUN SACCO LTD  
82 OLASAI SACCO LTD  
83 PKWI FARMER TO FARMER SACCO LTD LIMITED  
84 P'KWI FARMERS SACCO LTD  
85 TAJAR OILSEED FARMERS SACCO LTD
-

**APPENDIX V: DATA COLLECTION INTRODUCTION LETTER**



## APPENDIX VI: KUMI DISTRICT LOCAL GOVERNMENT CLEARANCE

### Telephones

District Chairperson ..... 0772-916171

Chief Administrative Officer 0772-898966

In any correspondence on this  
Subject, please quote No.CR 220/1



THE REPUBLIC OF UGANDA

Kumi District Local Government,  
Office of the Chief Administration  
Officer,  
P O Box 44,  
Kumi, Uganda.  
Email Address: kumidlg@gmail.com.

Date: Tuesday, 2<sup>nd</sup> September 2025.

The Head of Department,  
(Economics and Management)  
Faculty of Management Sciences,  
**Busitema University.**

Dear Sir/ Madam,

### **RE: ACCEPTANCE OF MR. OTIM MOSES GODFREY'S REQUEST TO COLLECT DATA IN KUMI DISTRICT LOCAL GOVERNMENT.**

Reference is made to your letter dated **04/07/2025** introducing Mr. Otim Moses Godfrey and requesting for permission to collect data in this District.

I am pleased to inform you that this Office has accepted your request to allow the student to collect data from this District as a requirement for the award of Master's Degree.

During the data collection exercise, he will be guided by the District Commercial Officer.

Yours in service,

A handwritten signature in blue ink, appearing to read 'KASADHA', written over a horizontal line.

Kasadha John Stephen,  
**CHIEF ADMINISTRATIVE OFFICER.**



**Copies to:** The District Commercial Officer, **Kumi.**  
Mr. Otim Moses Godfrey, **(MBA – STUDENT).**


## APPENDIX VII: BUKEDEA DISTRICT LOCAL GOVERNMENT CLEARANCE

220

Department of Economics and Management  
Faculty of Management Sciences  
Busitema University  
P.O. Box 53  
Pallisa

**14/August/2025**

The Chief Administrative Officer,  
Bukedeza District Local Government,  
P.O. Box 5026  
Bukedeza, Uganda



Dear Sir,

**REQUEST FOR PERMISSION TO CONDUCT RESEARCH IN BUKEDEZA DISTRICT**

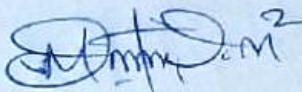
I am a Master of Business Administration (MBA) student at Busitema University, currently conducting research as part of the requirements for the award of the degree. My approved research topic is: **"Corporate Governance, Internal Controls, and SACCO Performance in Bukedeza District."**

The purpose of this study is to examine how corporate governance practices and internal control systems influence the performance of SACCOs. The research will involve collecting data from selected SACCOs in the district. The findings will be used purely for academic purposes, and all information obtained will be treated with the highest level of confidentiality.

I kindly request your permission to carry out this research and to engage relevant SACCO stakeholders in Bukedeza District. I assure you that the exercise will be conducted in a manner that causes minimal disruption to their operations.

Your consideration and support will be highly appreciated.

Yours faithfully,



**Otim Moses Godfrey**  
Reg No. BU/GS21/MBA/16  
Tel: 0773031182  
MBA Student, Busitema University

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## Otim Moses Godfrey

### Otim Moses

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