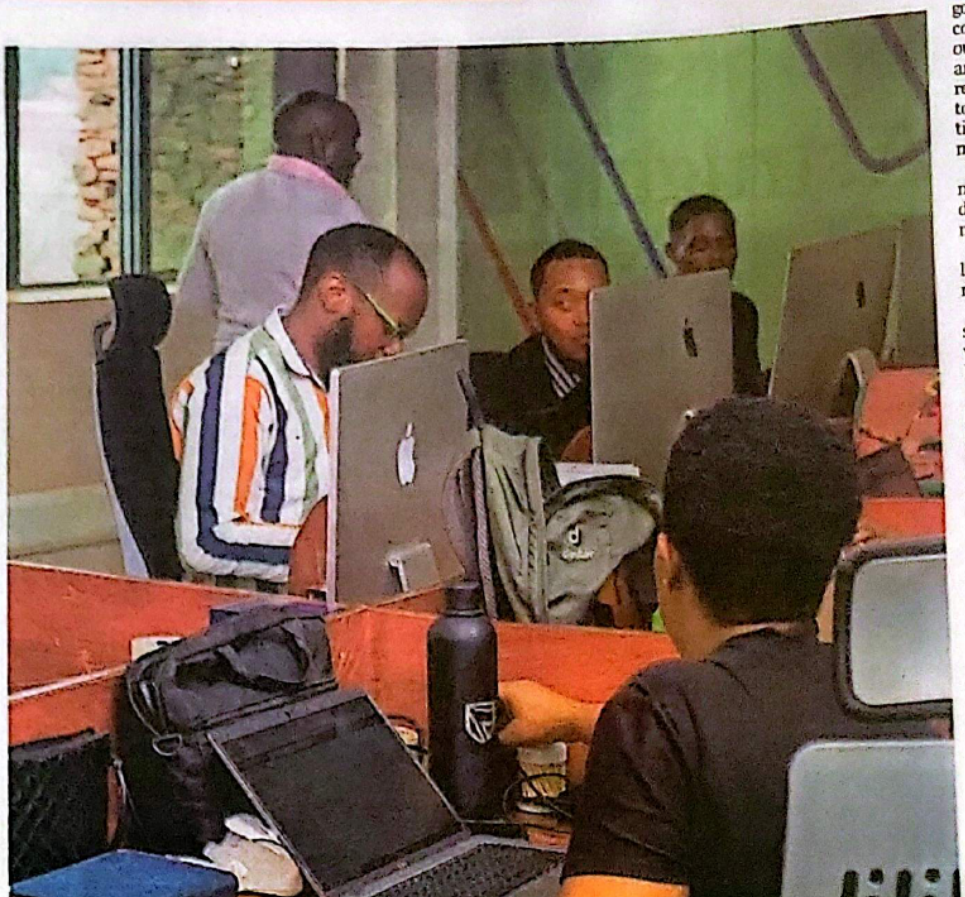
Weak oversight and poor accountability

GOVERNANCE

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Strong corporate governance protects staff by promoting ethical leadership, safe workplaces, fair decisions, and accountability, proving that people are not costs to be managed but stakeholders essential to sustainable organisational success. PHOTO / FILE

Why corporate governance matters more than profits

Corporate governance is one of those phrases that often sounds like it was invented by elites in suits to confuse everyone else.

But in truth, it is not complicated. It is simply about who has power in an organization, who checks that power, and what happens when leaders abuse it.

Stripped of jargon, corporate governance deals with practical realities: who controls the money, who approves major decisions, who asks difficult questions, and who stops corruption before it becomes normal.

It is about whether boards genuinely govern or merely rubber-stamp whatever executives want.

Several Ugandan public bodies have faced governance concerns over the years, often linked to weak oversight and poor accountability.

Public debate and governance reviews have frequently mentioned institutions such as the Uganda National Bureau of Standards, the Uganda Electricity Transmission Company Limited, and the Uganda Investment Authority as examples where governance failures became public issues.

This is why the King Codes remain so relevant today. As expectations around good governance rise globally, governance frameworks are no longer "nice-to-have" documents for conferences.

They have become survival tools for modern organisations.

The King Code series was developed in South Africa under Mervyn King and the King Committee formed in 1992.

Since then, it has become one of the most influential governance frameworks across Africa, including Uganda.

A consistent pattern appears across industries and borders: most corporate disasters begin with bad governance.

The global financial crisis of 2008, for instance, was not only a failure of markets but a failure of boards.

Managers in major banks took excessive risks because they benefited from bonuses when things went well.

When everything collapsed, shareholders, employees, and taxpayers absorbed the losses. This is why modern governance codes emphasize risk oversight, ethical leadership, and transparency.

Uganda has had its own painful lessons. The collapse of Crane Bank showed how weak governance and poor board oversight can destroy a trusted institution and shake public confidence.

Once one of Uganda's best-known commercial banks, Crane Bank was closed by the Bank of Uganda in 2016 after failing to meet capital requirements.

Warning signs have not disappeared. Uganda's banking sector continues to face scandals, losses, and senior resignations, with analysts repeatedly pointing to internal failures and weak governance as key causes.

Even Bank of Uganda itself has faced governance questions, with reports of a Shs62b deficit and high-level resignations reminding the public that governance weaknesses can exist even in regulatory institutions.

The first King Code, King I of 1994, emerged when governance was treated largely as an accounting exercise.

Its core aim was to keep books clean, strengthen internal controls, and limit executive excess. Directors were expected to be independent, alert, and willing to ask uncomfortable questions, not merely approve management proposals.

This focus mattered because many companies were run like personal kingdoms, with little separation between ownership, management, and oversight.

That lesson still holds today. When organisations ignore internal controls, honest reporting, and genuine board oversight, collapse is rarely far away.

In Uganda, the Uganda Registration Services Bureau has repeatedly intervened in governance disputes involving forged board signatures, illegal meetings, and defective share transfers.

These failures often drag companies into court and tear them apart internally.

By the early 2000s, it became clear that focusing only on money was insufficient.

King II in 2002 expanded governance beyond profit by introducing the "triple bottom line": People, Planet, Profit. It recognised that companies must care about workers, communities, and the environment.

This approach was practical. When firms ignore labour conditions, social impact, or environmental harm, those risks return through lawsuits, reputational damage, and regulatory penalties. Global tragedies linked to unsafe supply chains have shown that stakeholder governance is essential to survival.

In Uganda, the 2024 Kiteezi landfill collapse in Kampala was a painful reminder that ignoring safety and environmental risks can be deadly.

Similarly, repeated building collapses in Kampala have highlighted how weak enforcement and profit-first decisions lead to loss of life and public outrage.

Globally, the Rana Plaza disaster in Bangladesh in 2013 remains one of the starkest examples. Over 1,100 people died after workers were forced into a visibly cracked factory building.

The tragedy exposed supply chain

Poor board oversight

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