

Establishing Level of Corporate Governance Practices of SACCOS: A Case of Credit Co-Operative Societies in Nansana Municipality, Wakiso District, Uganda

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Abstract

The study was conducted to establish the level of corporate governance practices of SACCOs in Nansana Municipality, Wakiso District. The study used Jensen and Meckling (1976) agency theory to analyze the corporate governance practices. The study involved 72 respondents from 24 SACCOs studied and it adopted cross-sectional and correlation research designs using both quantitative and qualitative research approaches. Data analysis was done using SPSS and interpreted using mean range 5- point Likert scale, Pearson correlation analysis and multiple regression analysis. The findings showed moderate levels of corporate governance with a grand mean of 2.8950 and std. deviation of 0.21580 and the level of sustainability of SACCOs was also moderate with a grand mean of 2.6076 and std. deviation of 0.39982. The study concluded that corporate governance significantly influences sustainability of SACCOs and therefore recommended that government, SACCO apex bodies and SACCO boards should enhance corporate governance so as to make SACCOs sustainable and stronger institutions.

Keywords: Savings Association, Accountability, Corporate Governance Practices, Sustainability.

Introduction

Intensive efforts to combat poverty worldwide have resulted in the emergence of savings and credit cooperatives (SACCOs) (Racheal, Kazaara et al., 2023). The provision of financial services to the poor is based on the assumption that SACCOs exist mainly to address social problems such as poverty and unemployment (Nelson & Christopher, 2022). SACCO models focus primarily on alleviating poverty and empowering women by providing access to financial services. Worldwide, there are 89,026 large SACCOs in terms of membership and annual revenue (Kazaara & Christopher, 2023). The South Asian region (Bangladesh, India, Pakistan, Afghanistan, Nepal and Sri Lanka) has more coverage with a major focus on serving women members and borrowers, who account for 92% of the total membership and these SACCOs are financially stable due to their large membership. , good governance and a huge capital base (Paul et al., 2023). There are 37,607 large SACCOs in Africa in terms of membership and revenue according to the World Council of Credit Unions (Paul et al., 2023). Specifically, Uganda has 1,261 large SACCOs (WOCCU, 2017) in terms of membership, but their sustainability is still debatable (Kazaara & Kazaara, 2023). This is evidenced by the many SACCOs that have a small capital base and are funded by their respective governments and governments. donors (Wagenaar, 2012). In addition, SACCOs often lend both capital and savings, leading to frequent liquidity management problems, and since most members (owners) are again borrowers, interest rates charged on loans are generally kept low, making it impossible for SACCOs to generate enough operating income. revenues, making them unable to cover their operating costs and becoming financially unsustainable (Racheal, Kazaara, et al., 2023).

In Uganda, SACCOs are seen as financial intermediaries that channel members' savings into loans, providing people with savings opportunities, especially in rural areas, but further improvements are necessary to make their services more efficient and sustainable. Most SACCOs in Uganda close down between 2 and 5 years of operation due to poor management system and low capital. Evidence shows that over 1,000 SACCOs in Uganda closed down between 2010 and 2016 due to governance issues, limited member commitment and liquidity problems (Akankwasa et al., 2022). Furthermore, a study of over 500 SACCOs in Uganda found that the sustainability of SACCOs gradually declined from 2015 to 2017 using the Operational Self-Sufficiency (OSS) measure, where 65.9% in 2015, 58% in 2016 and 41% in 2017 (Innocent et al., 2023). Despite the laudable good intentions of the government to provide infrastructure to enable the poor to access financial services without the cumbersome and bureaucratic processes found in the formal financial sector, SACCOs have been a major disappointment as most of them are not sustainable (Racheal, Enock et al., 2023).

Sustainability is still receiving a lot of attention as companies and investors turn their attention to achieving sustainability (Tasha et al., 2023b). Sustainability is the ability of a SACCO to cover operating costs through operating revenues. It enables the SACCO to achieve its stated mission without negotiating with donors who may or may not agree with the SACCO's vision (Alex & Kazaara, 2023). In addition, donor funds are tied to donor conditions and interests and these may conflict with the SACCO's vision, and sometimes funds are allocated according to donor interests and priorities that undermine the achievement of the SACCO's goals, therefore only financially stable SACCOs can determine their direction for success (Racheal, Kazaara et al., 2023).

The impacts of SACCOs on the welfare of the target group (the poor) are sustainable only if the SACCOs achieve sustainability (Kinde, 2012). (Musaibah et al., 2023) explains that having an unsustainable SACCO is worse than not having a SACCO at all. Sustainability thus enables the SACCO to function smoothly and provide financial services to the target group continuously (Wagenaar, 2012). Many SACCOs, especially in Uganda, do not fully achieve sustainability due to poor governance systems used by SACCOs (Wegulo et al., 2023).

Sustainability can be explained by corporate governance practices, specifically the board of directors. The way the board fulfills its duties, its composition, its disclosure practices, accountability and its independence, and shareholder rights affect the performance of the organization (Tasha et al., 2023a). Corporate governance practices have been closely linked to agency theory, which explains that managers will not act to maximize shareholder returns unless firms put in place appropriate governance structures to protect shareholder interests (Rashid et al., 2023). Corporate Governance is said to contribute to the success or failure of an organization and deals with leadership roles within an institutional framework (Racheal, Kazaara, et al., 2023). It is concerned with creating a balance between economic and social goals and between individual and communal goals, while promoting efficient use of resources, accountability in the use of power and stewardship, and aligning the interests of individuals, corporations, and society as much as possible (Mallin, 2012). Corporate governance mechanisms ensure SACCO members receive an adequate return on their investment (Ramadhan et al., 2023).

Studies on corporate governance and sustainability are relatively few and in most cases have been conducted in developed countries focusing mainly on large and listed firms (Winny et al., 2023), yet SACCOs like any other institution with stakeholders need proper governance to maximize shareholder interests (Mutebile, 2015). There is no empirical study yet to explain the corporate governance and sustainability of SACCOs in Nansana Municipality which motivated the researcher to conduct the study.

Statement of the Problem

Savings and credit unions were established to enable the pooling of members' resources to lend to each other at reasonable interest rates to achieve a common social and economic goal (Polycarp et al., 2023). It is believed that as SACCOs are self-help organizations with close ties to the local community and have successfully performed this function in many countries around the world, they deserve to be supported through governance and financial support. The Government of Uganda (GoU) has made several governance interventions by entering into a Memorandum of Understanding with Uganda Cooperatives Savings and Credit Union (UCSCU), the Institute of Corporate Governance in Uganda (ICGU) and other foreign agencies to build strong governance systems and corporate governance and managerial competencies among SACCOs through training, enactment of SACCO by-laws that promote governance among others (Polycarp et al., 2023), SACCOs still face governance challenges that have resulted in sustainability issues and eventually collapse (Musoke et al. 2017). Uganda faces sustainability challenges due to poor governance systems as indicated by declining operational self-sufficiency (OSS) of 65.9% in 2015, 58% in 2016 and 41% in 2017 (Anthony et al., 2023). Furthermore, a report by the Nansana Municipal Business Bureau (2018) states that out of 88 registered SACCOs, only 30 are active. This could be attributed to poor corporate governance as evidence suggests that the boards are not fully independent, not fulfilling their roles as they should desired, show a high level of conflict of interest and face problems with accountability and transparency (Lydia et al., 2023). This study therefore sought to find out the relationship between corporate governance and sustainability of SACCOs in Nansana Municipality, Wakiso District.

Objective of the Study

The objective of the study was to find out the level of corporate governance practices of SACCOs in Nansana Municipality, Wakiso District.

Research Question

What is the level of corporate governance practices of SACCOs in Nansana Municipality, Wakiso District?

Methodology

The study used a cross-sectional and descriptive research designs. The study further employed both quantitative and qualitative approaches. Quantitative data was collected using self-administered questionnaires while qualitative data was collected using an interview guide. The study was carried out in Nansana Municipality in Wakiso district. It is along Hoima –Kampala Road 12 kilometers from Kampala and borders with Kawempe Division in the west and Rubaga Division in the North. Nansana Municipality has four Divisions which include Nansana Division, Gombe Division, Nabweru Division and Busukuma Division. According to Nansana Municipality commercial office report (2018), there are 88 registered SACCOs of which 30 are active and 58 are not active at all in Nansana Municipality which show evidence that SACCOs experience sustainability challenges

therefore prompted the researcher to carry out a study in Nansana Municipality. The sample size was determined using Krejcie and Morgan (1970) sample determination table where a sample of 28 SACCOs was selected from the total 30 active SACCOs in Nansana Municipality. The target respondents of the study were 84 respondents (3 respondents per SACCO * 28 SACCOs=84 respondents) and the unit of analysis were SACCOs. Data was analyzed in form of tables, frequencies and percentages using SPSS & STATA (Nelson et al., 2022)

Results

The target population was 28 SACCOs operating in Nansana Municipality with 84 respondents. However, data was only gathered from 24 SACCOs due to failure of other SACCOs to cooperate and participate in the study. In the 24 SACCOs, there were 72 primary respondents which included SACCO member, board member and accounts personnel. The response rate was 85.7% ($72/84 \times 100$) which is excellent according to Mugenda, (2008) and it is sufficient enough for data analysis and interpretation. The demographic information of interest to the study was gender, age and highest level of education of the respondents. Descriptive statistics were used to analyse the demographic characteristics of the respondents and the results are shown in the Table 1;

Table 1: Demographic Characteristics of Respondents

Demographic Information	Characteristics	Frequency	percent
Gender	Male	41	56.9
	Female	31	43.1
	Total	72	100
Age	25 – 30	10	13.9
	31 – 35	52	72.2
	36 – 40	9	12.5
	Above 40	1	1.4
	Total	72	100
Highest level of education	Diploma	45	62.5
	Degree	27	37.5
	Total	72	100

Source: **Field Data**, 2023

The majority of the respondents 41 (56.9%) were males and 31 (43.1%) were females implying that males participated more in the study. The findings on age of the respondents shows that majority 52 (72.2%) were in the age bracket of 31-35, followed by 10 (13.9%) in the age bracket of 25-30, 9 (12.5%) were in the age bracket of 36-40 and only 1 (1.4%) in the age bracket of 40 and above. Majority of the respondents 45 (62.5%) are diploma holders and 27 (37.5%) are degree holders. This implies that data was collected from elite and informed respondents. The study used descriptive statistics to analyze SACCO characteristics in terms of age of the SACCO, number of employees, membership subscribing body, annual revenue and number of SACCO members. The results are shown in the Table 2;

Table 2: Characteristics of the SACCOs

SACCOs Information	Characteristics	Frequency	Percent
Age of SACCOs	1- 5	6	25
	6-10	17	70.8
	11-15	1	4.2
	Total	24	100
Number of SACCOs Employees	5 – 10	23	95.8
	11 – 16	1	4.2
	Total	24	100
Membership subscribing Body	UCSCU	24	100
	Total	24	100
Annual revenue collection in million Ugx	1 -30	23	95.8
	31 – 60	1	4.2
	Total	24	100
Number of SACCO members	30 100	13	54.2
	101 – 200	8	33.3
	201-300	2	8.3
	301 – 400	1	4.2
	Total	24	100

Source: **Field Data**, 2023

The findings from Table 2 show that 17 (70.8%) SACCOs have existed between 6-10 years, 6 (25%) SACCOs have existed between 1-5 years and 1 (4.2%) SACCOs has existed between 11-15 years. This implies that majority of the SACCOs in Nansana Municipality have existed beyond five years in operation therefore were able to offer a good insight on study variables of corporate governance and financial sustainability (Christopher et al., 2022). In line with SACCO employees, 23 SACCOs (95.8%) have employees between 1 up to 5 and only one SACCO (4.2%) has employees between 6 up to 10. This implies that majority of SACCOs in Nansana Municipality operate on small scale thereby employing less number of workers (Tasha et al., 2023b).

Regarding membership subscribing body, all SACCOs studied in Nansana Municipality subscribe to Uganda Co-operative Savings and Credit Union limited (UCSCU) which is a national apex organisation for SACCOs in Uganda. This implies that SACCOs in Nansana Municipality are obliged to subscribe their membership to the national apex body for SACCOs. UCSCU offer advisory services, offer government loans to individual SACCOs, offer central financial facility which is a pool of funds for SACCOs' savings among other services.

Study findings in Table 2 show that 23 SACCOs (95.8%) studied earn annual revenue not exceeding thirty million Uganda shillings (1-30 million) and only one SACCO earns between 31 and 60 million Uganda shillings. This implies that majority of the SACCOs in Nansana Municipality operate on a small scale and therefore earn little operating income annually (Faridah et al., 2023). Research findings in table 2 show that 13 SACCOs have members between 30 and 100 making 54.2%, followed by 8 SACCOs with members between 101 and 200 (33.3%), 2 SACCOs with members between 201 and 300 (8.3%) and 1 SACCO with members between 301 and

400 (4.2%). This implies that majority of SACCOs in Nansana Municipality have a small number of members which limit members' savings hence operating on a small scale (Emmanuel et al., 2023).

To find out the level of Corporate Governance of SACCOs in Nansana Municipality

Variables studied were board composition, board responsibility and board independence and the findings are presented in Table 3 below;

Table 3: Level of Corporate Governance Practices of SACCOs in Nansana Municipality

Corporate Governance	Mean	Std. Deviation	Interpretation
Board Composition	3.0402	.58387	Moderate
Board Responsibility	2.9379	.31229	Moderate
Board Independence	2.5731	.34697	Low
Shareholders' Rights	2.9476	.36018	Moderate
Transparency and Disclosure	2.7716	.36479	Moderate
Board Accountability	3.0996	.68975	Moderate
Grand Mean and Std. Deviation	2.8950	.21580	Moderate

Source: **Field Data**, 2023

From the findings of the study in Table 3, board composition of SACCOs in Nansana Municipality is moderate with grand mean of (2.8950) and standard deviation of (.21580). This implies that board composition of SACCOs in Nansana Municipality fairly or moderately meets the recommended standards by SACCO by-laws and guidelines from regulatory bodies (Kazaara & Kazaara, 2023). With reference to appendix 3, the findings further imply that SACCOs studied have the recommended number of board members (mean 3.6322), fair gender representation (mean 2.7931), members fairly possess the right blend of skills (mean 2.9770) and board diversity in terms of age and ethnicity (mean 2.7586). Adequate board composition is recommended due to its ability to balance power, informed and unbiased decision making and skillful and tactful execution of duties on a timely basis.

Qualitative data gathered from interviews show that SACCOs in Nansana Municipality fairly have the recommended board composition as one of the respondents puts it;

"Yes...here in our (SACCO X) we have a diverse board composition comprising of gender in terms of female and male, fairly qualified board members and a reasonable board size which help in the smooth running of the institution....." (KII 1, 2019).

It was found out from respondents who participated in interviews that to ensure corporate governance, SACCOs should establish diversity in board composition in form of functional expertise in order for SACCOs to operate smoothly. In fact, one of the respondents explained that;

".....Our processes and procedures to establish a diverse board are quite easy to understand to all members and this helps us at (SACCO Y) to have all round leadership....." (KII 2, 2019).

From the above statement there are processes and procedures in place to establish a diverse board composition in order to govern the institution for its sustainability. In narrative statement from another respondent, it was explained that (Emmanuel et al., 2023);

“...Women are given first priority in our SACCO for women empowerment, furthermore we have a qualified board with diverse skills and knowledge in areas of finance, management, mobilization and marketing which is helpful in planning, decision making and problem solving.....”(KII 3, 2019).

It was also revealed that a diverse board in the SACCO helps to increase members' confidence and attract new members which enable SACCOs to have a reasonable membership. In fact one of the respondents explained that; *“.....In our SACCO, board members are appointed basing on their education level, skills and experience in areas of mobilization, finance and management and it is based on merit as long as you are a member.....”(KII 4, 2019).*

Furthermore, it was found out that, a small board size is better because it facilitates the management process to function effectively and efficiently. In respect to this, one SACCO manager explained that;

“.....In our SACCO, the board size is kept small following the minimum requirement of the regulations governing SACCOs and this has eased the management process because we work as a team and decisions are easily made.....”(KII 5, 2019).

The study findings concur with the recommendations of King IV Report (2016) where it recommends that the governing body should promote diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance, including field of knowledge, skills and experience as well as age, culture, race and gender. Diversified Boards allow for different perspectives and input into the organisation and therefore impacts on its strategic direction through diversified leadership (King IV, 2016).

The study findings also agree with Wagner (2011) who explains that qualification and experience of board members and other governance bodies such as audit committees appears to be a key factor in ensuring the effectiveness of organizations' governance systems. Board member expertise in finance and governance is a key issue for success of SACCOs (Alex & Kazaara, 2023).

Findings in Table 4 revealed that SACCO boards in Nansana municipality fairly or moderately perform their responsibilities as required (mean 2.9379)and (std. deviation .31229).With reference to appendix 3, SACCO boards always organizes annual general meeting (mean 3.4138), fairly formulates relevant policies for the SACCO (mean 3.1149), the board moderately protects the rights of the SACCO members (mean 2.6322),fairly monitors management performance (mean 2.5977), provides the general direction of the SACCO through provision of necessary legal and governance (mean 3.1724),always creates sub committees during the annual general meeting such as audit committee, loans committee and supervisory committee (mean 3.2414), fairly approves the annual budget proposed by the committees (mean 2.8506),disciplines fairly management officials (mean 3.0345) and fairly reviews the accounts of the SACCO (mean 2.9885) (Moses et al., 2022).

However, SACCO boards have failed to mobilize resources for their respective institutions (mean 2.3333) and this imply that SACCOs lack enough funding in Nansana Municipality as they heavily depend on limited members' savings.

According to qualitative data gathered, board responsibility is very crucial to the functioning of the SACCOs as one of the respondents explained;

“....Our board performs its responsibilities fairly and in fact we have committees that are given different roles to play with an overall aim of developing our SACCO. For instance, we have a supervisory committee which monitors management activities....” (KII 6, 2019).

Despite the well stipulated roles and responsibilities of board members in the governance process there are conflicts in the execution of such tasks. In fact one of the respondents revealed that;

“.... There is always an overlap in responsibilities; some board members interfere with the day to day running of the institution and sometimes make it very hard to execute the SACCO activities and to make strategic decisions....”(KII 7, 2019).

It was discovered that some board members especially from the inactive and closed SACCOs neglected their duties and only appeared during annual general meetings which affect the smooth running of the SACCO activities. A response on this from a respondent was recorded as follows;

“....Our board members rarely followed up what was going on in the SACCO until the annual general meeting at the end of the year. Board members failed to do their duties properly such as mobilizing resources for the SACCO and it was only surviving on members’ savings which were not enough until its collapse due to lack of enough funds and governance problems....” (KII 8, 2019).

The study findings are emphasized by (Innocent et al., 2023) who explains that many directors overstep their roles and get involved in micro-managing their company or institution. There is a failure to understand clearly the proper roles board members in the running of a company or institution, and in particular what the oversight function of a board of directors actually entails.

Regarding board independence, study findings in Table 4 show that it is low among SACCOs in Nansana Municipality (mean 2.5731) and (std. deviation .34697). With reference to appendix 3, board members exhibit little conflict of interest (mean 2.9425) and the board tenure is fairly observed (mean 2.6207). However, SACCO board members are not objective in their deliberations (mean 2.5862), SACCOs do not have majority external board members (mean 2.3218) and practice CEO duality (mean 2.5402) (Ramadhan et al., 2023). Low level of board independence undermines the boards to deliberate issues objectively and thus rendering the board less effective. The CEO duality and having no external directors on the board greatly undermines board independence and indeed promotes selfish interests among SACCOs.

From interviews conducted, it was established that, board members’ tenure is clearly outlined in SACCOs’ by-laws but at times not properly followed and implemented as one of the respondents puts it;

“....In our SACCO, the tenure of board members is two years in service but some members are irreplaceable due to their expertise, character, and contribution among others, therefore the annual general meeting keeps such members as long as they are still committed to serve....”(KII 2, 2019).

It was also established that many SACCOs in Nansana Municipality have appointed only executive directors which undermines the principle of board independence basing on non-executive directors. One of the respondents in an interview explained that;

“...In our SACCO, board members must be members of the SACCO and as of now, we don't have any external director. Internal Directors infact possess more knowledge about the SACCO as an institution than the external directors.....” (KII 5, 2019).

In addition, it was established that CEO duality is highly practiced among SACCOs in Nansana Municipality and it was supported by one of the respondents as below;

“.....In our SACCO, the board chairman also occupies the SACCO manager position because he is the vision bearer of the SACCO and there is a fear that if another person comes in as a SACCO manger or board chairman, the vision may not be realized.....” (KII 4, 2019).

Findings are supported by Meibo and Lawrence, (2018) who explains that CEO duality exists if one person serves as both the company's CEO and the chairman of the board (Meibo and Lawrence, 2018). Under this structure, the CEO is given superior governance power, thus, the board's ability to objectively assess the performance of the firm's top management (including the CEO) can be undermined, rendering the board less effective in its controlling and monitoring function (Faith et al., 2023). Moreover, duality threatens the completeness of information transfer from the CEO to other directors on the board which may lead to less voluntary disclosure (Tasha et al., 2023b).

Study findings in Table 4 show that SACCO boards fairly observe and protect shareholders' rights (mean 2.9476) and std. deviation (.36018). With reference to appendix 3, SACCOs fairly sensitize and mobilize members to attend annual general meetings (mean 3.2529), SACCOs do not always provide relevant information about the SACCO activities to members on timely basis (mean 2.5287), SACCO members fairly have adequate records regarding their shares (mean 2.9770), SACCO members highly participate in the electing and removing of members on the board (mean 3.4138), SACCO members fairly participate in the voting process during annual general meeting (mean 2.7701), SACCO members fairly share profits made by the SACCO (mean 2.7931), SACCO members do not get involved in decision making process concerning major issues (mean 2.5862), SACCO members are fairly allowed to propose resolutions and ask questions during annual general meeting (mean 3.2068) and SACCO members enjoy free transferability of shares (mean 3.0000) (Musaibah et al., 2023). Findings from interviews indicate that shareholders' rights are not observed by the SACCO boards due to some technical circumstances. One of the respondents explained that;

“.....For sure in our SACCO, members are not given enough information early before the annual general meeting and they are not allowed to take decisions concerning major issues especially those that are technical in nature which requires expert's knowledge yet some members are not technical enough hence leaving them out.....” (KII 6, 2019).

It was also found out that, SACCO members participate fully in annual general meeting and are allowed to actively discuss their views concerning the SACCO as one of the respondents puts it;

“.....Our SACCO members always attend the annual general meeting and are allowed to share anything they feel like because it's their SACCO, their money and we are their leaders. Infact we pass around papers to every member to write his or her suggestion and later we collect them and read them to the rest of the members and we discuss them openly.....” (KII 7, 2019).

The study findings concur with the recommendations of King IV (2016) where it recommends that the board should ensure equitable treatment of shareholders including the minority and foreign shareholders. All shareholders should receive relevant information on the company's performance through distribution of regular annual reports and accounts as a matter of best practice (Racheal, Kazaara, et al., 2023).

However, study findings disagree with Darko et al (2016) who explain that, there should be shareholder's participation in all major decisions of the company and that the board should provide the shareholders with information on matters that include but are not limited to major disposal of company assets, restructuring, takeovers, mergers, acquisitions or reorganizations.

Regarding transparency and disclosure, study findings revealed that it was moderate among the SACCOs studied (mean 2.7716) and std. deviation of (.36479). This implies that transparency and disclosure is not given serious attention by the SACCO boards. SACCOs fairly prepare and present accounting records which reflect operations (mean 2.8621), do not disclose directors remunerations appropriately (mean 2.3793), do not disclose transactions between management, directors and the SACCO (mean 2.2874), fairly disclose the risks faced by the SACCOs (3.0920) and the SACCOs organize annual general meeting within three months after the end of the financial year (2.7011) (Ramadhan et al., 2023). Transparency and disclosure is highly recommended due to its ability bridge the challenge of information asymmetry that always exist between management and SACCO members and this increases members' confidence in the board and attracts more members to the SACCO.

Findings from interviews show that apart from the mandatory disclosure by the authorized bodies and government institutions, SACCOs do not have proper systems of promoting transparency and disclosure (Tasha et al., 2023b). This is explained by one of the respondents as follow;

".....Members are given only information they ask individually and in most cases they inquire about their account balances. As a SACCO, we haven't put formal communication structures and channels through which all necessary information can be communicated to our members....." (KII 7, 2019).

It was further revealed that, SACCOs do not provide necessary information to members early enough during the preparation of the annual general meeting and this imply that members have limited input and views during such meetings as one the respondents puts it;

".....In our SACCO, we do not give out the agenda of the annual general members early enough to members and that is a weakness on one hand but also on another hand some members are not interested in such procedures....." (KII 4, 2019).

However, study findings disagree with Amber (2013) who puts it that, all necessary information must be provided to the users in a timely manner in order for them to meditate all the actual facts about the company of focus to finally take their optimal decisions.

Findings reveal that SACCO boards in Nansana Municipality fairly provide accountability to their members (mean 3.0996) and std. deviation (.68975) (Deus, 2023). With reference to appendix 3, SACCOs report financial information to members at the annual general meeting (mean 3.3448), moderately serve the legitimate interests of the members (mean 3.1379) and moderately take responsibility of all activities (mean 2.8161). Board accountability is a critical element of good corporate governance and is best achieved by holding directors

accountable for their behaviour and decisions. It ensures that management is accountable to the SACCO board and in turn, the board is accountable to SACCO members (Moses et al., 2022).

Findings from study interviews reveal that SACCOs prepare annual financial reports and highlight the major issues to members during annual general meeting as one of the respondents explains;

“.....Here at SACCO Y, we prepare financial reports annually and they are audited properly by external auditors which are presented to members during annual general meeting by highlighting major milestones achieved during the previous year and profits to be shared if any for the year.....” (KII 8, 2019).

Discussion of Findings

Study findings agree with Akbar et al (2016) who argues that organisations hold an annual general meeting as a way of providing accountability which provides an opportunity for members and other stakeholders to gather, hear about the organization’s activities and finances for the previous year and ask questions.

Generally, the level of corporate governance among SACCOs in Nansana Municipality is moderate with (grand mean 2.8950) and std. deviation (.21580). This implies that board composition, board responsibility, transparency and disclosure, shareholders rights and board accountability are fairly observed and practiced among SACCOs while board independence is still low.

Conclusion

Study findings revealed a moderate level of corporate governance measured in terms of board composition, board responsibility and board independence, shareholders’ rights, transparency and disclosure and board accountability in SACCOs of Nansana Municipality at a grand mean of 2.8950 and standard deviation of 0.21580. The level of sustainability was found to be moderate among SACCOs of Nansana Municipality with a grand mean of 2.6076 which represents moderate level according to the scale used in the study and a standard deviation of 0.39982.

Findings support the Agency theory advanced by Jensen and Meckling (1976) which suggests that managers be monitored by the board of directors whose principal task is to ensure that managers discharge their duties in the best interest of shareholders. In this case SACCO boards should ensure that SACCO managers are monitored and guided properly in their activities such that SACCO activities are done efficiently, effectively and on a sustainable basis which in turn maximizes shareholders’ value. In this case therefore, SACCOs should enhance effective corporate governance as it is vital in achieving good performance and sustainability.

Recommendation

Basing on the study objective and the finding, the researcher advances the following recommendation; SACCO regulatory bodies and apex bodies such as Uganda Cooperative Savings and Credit Union Limited, Uganda Cooperative Alliance and Ministry of Trade and Industry should enhance training services to SACCOs on issues of governance and management skills as it is key to sustainability of SACCOs.

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