



## Effect of Corporate Governance on Performance of SACCOs in Rubanda District South Western Uganda

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**ABSTRACT:** The goal of this study was to evaluate the effect of corporate governance on the performance of SACCOs, in Rukiga District. SACCO governance was a predictor variable and performance of SACCOs was the study's outcome variables. A cross-sectional survey was the precursor to the study. Quantitative and qualitative analysis were combined with the collection and analysis of data from 109 respondents. Descriptive, bivariate, and multivariate analyses were used in the analysis, which was done on three different levels. Frequency tables were employed to portray the data as descriptive analysis required presentation of a single variable and its characteristics. A Pearson correlation matrix was used to determine the correlations between the predictor factors and the dependent variable at the bivariate level. The modified predictor variables for corporate governance were regressed against the dependent variable at the multivariate level (performance of SACCOs). To fit the data, a linear regression model was employed. Corporate governance (coef. = 0.532) has a positive influence on the performance of SACCO in Rukiga District, according to research results from the regression model. The key finding of this study is that corporate governance significantly affects SACCO performance. The study therefore suggests that in order to ensure the sustainability of SACCO performance in Rubanda District, greater emphasis should be placed on implementing corporate governance.

**KEY WORDS:** Corporate Governance, Performance and SACCO

### 1. INTRODUCTION

Corporate governance is the framework used to direct and control businesses Abdulai, et al, (1). The governance of companies is the responsibility of the boards of directors Agaba et al, (6). Corporate governance refers to the systems and procedures for leading and managing businesses. It also refers to the interactions between management, the Board of Directors, controlling shareholders, minority shareholders, and other stakeholders Abdulai, et al (1). Corporate governance is the culmination of all the procedures, frameworks, and data used to steer and monitor a firm's management Abdulai, et al (1). It is a method by which businesses are run and managed with the goal of boosting shareholder value and fulfilling the needs of all other stakeholders. For better performance and long-term shareholder value, corporate governance is the structure through which business corporations are managed and governed Ackon (2). The corporate governance structure outlines how the organization's many stakeholders are assigned rights and obligations. The shareholders' responsibility in governance is to select the board members and auditors, as well as to ensure that a suitable governance framework is in place Ackon, (2). A system called corporate governance seeks to impose laws and regulations that support an organization's continued cohesion, Ahmed, & Rugami, (7) add that the purpose of corporate governance is to hold an organization accountable while assisting them in avoiding risks related to money, law, and ethics. Board accountability entails taking ownership of all business operations and providing stakeholders with a fair, balanced, and understandable assessment of the organization's standing and future prospects. Agaba et al (6) explains the concept of corporate responsibility, organizations should be held accountable for the effects of their decisions on people and the environment Ben (9)

According to corporate governance, board assurance should specify each board member's duties and secure their commitment to uphold and carry out their duties, according to Ben (9) risk management for boards. Board assurance that informs board members of the critical controls and procedures, as well as the efficacy of the management or mitigation of key strategic risks. trusted to manage risks and help your organization achieve its goals Chesire, (10). Return on assets, a profitability metric, displays the potential profit a company could produce from its assets Chesire, , & Kinyua,(11)

#### 1.1 Theoretical perspective

This inquiry will be built on the stakeholder idea, which Edward Freeman created in the 1980s. According to the stakeholder paradigm, active stakeholder involvement is essential and beneficial to the initiative's beneficiaries. Without community



involvement, it is impossible to manage the difficulties, limitations, and unique requirements of a given community Agaba & Turyasingura (3). Ackon,(2) assert that involving project recipients is a key principle since it improves project monitoring and assessment. Members in the community get project ownership knowledge as a result. This is necessary to make sure that projects are viable and durable Agaba & Turyasingura (4) explains that, the fundamental tenet of the stakeholder theory is that an organization can only be said to be successful if it benefits the majority of its stakeholders. The stakeholder theory has the advantage of resulting in happier workers who produce more. A problem of the stakeholder model is that the group's interests are simply too diverse to be effectively governed. The needs of some stakeholders will eventually take precedence over those of other stakeholders because you can't please everyone. In order to examine how corporate governance influences SACCO performance, this study will concentrate on the theory's advantages.

## 2. RELATED LITERATURE

In order for cooperatives to work sustainably, good corporate governance is essential. The Latin verb "gubernare," which was derived from the Greek verb "kybernan," is the root of the term "governance," and it means "to guide, to steer, to be the head of, to make regulations, to be in charge of power" Chesire, (10). Vision, decision-making procedures, the strength of dynamics, and accountability procedures all relate to good governance. By effectively using resources in ways that are compatible with the company's mission, governance ultimately aims to ensure sustainable functioning of an organization Chesire, & Kinyua (11). Esokomi,& Otuya,(13) and Eticha, & Abebe,(14) state that SACCO regulations call for individuals in charge of governance to use the caution and diligence of regular businessmen and to use strategic management to make sure the cooperative is competitive and performs sustainably. Emmanuel (12) Cooperatives determined that boards and committees should have a suitable balance of skills and education to enable them to properly carry out their various roles and responsibilities. Gitonga, & Miano (15) contends that as governance influences every part of a business, its success may be measured by improvements in dividend rates, incomes, and the quality and accessibility of its products. The establishment of a fully empowered general meeting of members, the regular election of the board of directors, and the democratic authorities and obligations of a cooperative are firmly placed on the members under cooperative governance. These characteristics determine the cooperative's good governance structure and are crucial to the cooperative enterprise strategy Grace, (16). According to Ingow,& Oluoch, (17), corporate governance strengthens good managerial practices like transparency, where management exhibits an open attitude toward cooperative members; representativeness, which ensures that all member categories are represented on the board of directors; and increased participation of all members in cooperative activities. Ingow,& Oluoch and Joseph, & Gategwa (17&18) These procedures give the cooperative a competitive edge by enabling it to see its business clearly and improve its capacity for intelligent decision-making. Members feel more a part of the cooperative as a result of these behaviors, which give them a sense of belonging. In an increasingly regulated, complicated, and interlinked global economy with heavy market pressures, Kahoro, (19) claims that it is more important than ever to resort to the fundamental principles of cooperative governance. Cooperative governance is a crucial tool for putting those values and principles into practice and preserving them. In addition, the SACCOS values and principles demand for an open, consensual, and democratic process of decision-making which can help them perform well Kamau, (20).

Furthermore, because SACCOS are democratically run and member-owned organizations, their governance must uphold member interests, accomplish SACCO goals, and preserve member control. As a result, member involvement, presentation, and knowledge should be balanced for effective cooperative governance Kanyi, et al, (21). Since members act as owners, suppliers, and users of the business, SACCOS governance system is a competitive advantage that keeps Sacco governance costs low and reduces the risk of business failure because members "are frequently willing to share profits and losses in order to maintain the long-term sustainability of the cooperative" Kinyuira, (24).

The authors of this study, Kipkemoi,(26), who looked at marketing cooperatives in the UK tourism industry, discovered that participatory governance had an impact on performance because members associated with the cooperative's strategic goal and saw its benefits as their own. Reiterating the viewpoint According to Limo, (26), participation of members in strategic planning and operational decision-making has a major impact on performance.

Matee,(27) Continue by stating that cooperative governance is the process of guiding cooperatively owned businesses toward success on the economic, social, and cultural levels. It entails critical decisions being made and shareholders cooperating to achieve



a common objective. The International Cooperative Alliance (ICA) presented a strategic model of cooperative governance in 2012 to encourage and assist the growth of cooperatives Mathew, (28). The model consists of four constructs, including teaming/involvement, which refers to cooperating to accomplish a common goal. Accountable empowerment means giving individuals power but also holding them responsible for it.

A cooperative's strategic direction or purpose is articulated through strategic leadership, which also involves guiding the organization in that direction Mbiriti,(29) In teaming, the board collaborates with employees and members while setting clear standards for members. By cooperating, a group culture that promotes cooperative principles and values is created and maintained. The AGM gives the board authority with specific expectations and obligations, and the board is empowered in a second way that is accountable Moses, (30). Performance is tracked through reports. Governance through policies also guarantees accountability, focus, and clarity of roles.

Thirdly, in a democracy, the board is obliged to uphold the cooperative's democratic essence, which extends beyond voting, through practice, protection, promotion, and perpetuation. Regardless of their money, investment patronage, or views and opinions, cooperative democracy allows members additional possibilities to significantly participate in reflection and strategic change inside their company Muhanguzi, (31). The board, along with the members and staff, is accountable for determining the strategic direction and facilitating movement in that direction through management decisions, guaranteeing enough resources, and keeping track of progress Muiru et al, (32) The study examined the impact of cooperative governance on the long-term success of SACCOs using the four constructs.

The term "enterprise performance" refers to the overall social and economic results of organizational components interacting during business operations (32). The ability to accomplish organizational objectives (effectiveness), make efficient use of organizational resources (efficiency), and validate stakeholders (relevancy) through collaborative governance and management processes, executed within specified regulations, is how it is typically viewed Munyasia (34). As a result, it is the most crucial objective for every organization's strategic measure of output Muthee,& Theuri,(36), as performance is the only way for a company to advance and expand.

But the majority of scholars concur that performance is a multifaceted notion that includes financial outcomes, client satisfaction, internal processes, and organizational learning Munyasia, (44). Musau,(35) proposed ROA and customer satisfaction as metrics for thoroughly assessing cooperatives' sustainable performance in this regard. The rate of dividends and the rate of interest on deposits (ROA) are regarded as relevant objective performance indicators in SACCOs since they take into account the cost of using members' funds to finance a cooperative's operations Mutua (37).

### 3. MATERIALS AND METHODS USED

#### 3.1 Research Design

This study used quantitative and qualitative methods in a cross-sectional survey research design. While a qualitative approach helps to gain understanding and explore the depth, richness, and complexity inherent in the phenomenon under investigation, a quantitative approach helps to describe the current conditions and investigate cause and effect relationships between the study variables Turyasingura& Agaba (49). The qualitative technique allowed the researcher get in-depth explanations on management practices on performance of SACCOs in Rubanda District, while the quantitative approach tried to quantify and establish the links.

#### 3.2 Area of Study

The study was carried out in the Rubanda district. The Rubanda District, which is in the south-western part of the country of Uganda, shares borders with Kisoro to the west, Rukungiri and Kanungu to the north, Kabale to the east, and Rwanda to the south. Turyasingura et al, (50). It is one of Uganda's highland districts, and the majority of its hills are lush, interconnecting, and intensively cultivated, with stunning valleys. The District's total land area is 660.2 square kilometers. The District's elevation varies from 1,219 meters (3,999 feet) to 2,347 meters (7,700 feet) above sea level. It is cooler here than everywhere in the nation because of the altitude. The majority of the population are Bakiga, although there are also Pygmies among the Batwa, Banyarwanda, and Bahororo tribes Agaba & Turyasingura (4).



### 3.3 Study population

The three SACCOs in Rubanda district's staff and members made up the target population. The target population for the study consisted of the 15 employees of the SACCOs, with a fraction of 5 given to each SACCO. A list (sample frame) of these staff members and members from each SACCO was compiled. There were 135 members altogether among the 3 SACCOs, with 45 members apiece. There were three managers in all for the three SACCOs, one for each of the SACCOs. 150 people made up the study's population.

### 3.4 Sample size determination

A total of one hundred and fifty (150) people were selected for the study and the researcher used Tora Yamane (1970:886-87) formula to determine the sample size as illustrated.

$$n = \frac{N}{1 + Ne^2}$$

Where N is the total population and e is the precision level (or margin of error) . A total population of 150 people were used at a confidence level of 95% or error of 0.05 and the sample size, n will be;

$$n = \frac{150}{1 + 150(0.05)^2} \cong 109$$

Therefore, out of the total population of 150, 109 respondents were sampled.

**Table 1:** Categories of Respondents

Respondent	Target population (N <sub>i</sub> )	Proportionately selected sample (n <sub>i</sub> )	Sampling technique
SACCO members	141	103	Proportionate sampling
SACCO Managers	3	2	Proportionate sampling
SACCO Employees	6	4	Proportionate sampling
<b>TOTAL</b>	<b>150</b>	<b>109</b>	

Source: Field Data, 2022

### 3.5 Sampling Techniques

The population of the study was divided into subgroups using stratified random sampling, as indicated in Table 1 column 2. "Stakeholders' obligations" functioned as the subpopulation (N<sub>i</sub>) for the stratifying variable. Following that, sub samples (n<sub>i</sub>) were chosen using the probability proportional to size method;

$$n_i = \frac{n}{N} \cdot N_i$$

Where N=150, n=109 and N<sub>i</sub>=141;3 and 6.

### 3.6 Data collection methods and techniques

A systematic questionnaire was administered by the researcher in order to gather data from primary sources. This allowed the enumerators to clarify any issues that the respondents had questions about or that they felt were unclear. SACCO managers, SACCO staff, and SACCO members all received the questionnaire. The questionnaire was administered by the researcher, two research assistants, and enumerators. The enumerators had a full day of training in performing fundamental research, notably in practice surveys, and were then prepared to handle the data gathering work.

### 3.7 Quality Control (Validity and Reliability)

#### 3.7.1 Validity

The research instrument included every aspect of the phenomena under study as described in the conceptual framework in order to assure validity Turyasingura et al, (52) The researcher first went to the Kabarole District administration to ask permission to perform



the study there and to see whether it was essential. This aided the researcher in organizing the collection of the relevant data in a timely and unrestricted manner Nyaata, (48). Njuguna, (49) The questionnaire was discussed with colleagues and the supervisor to assess its structure, contents, clarity, consistency and relevancy in relation to the research objectives. The level of accuracy of the instruments was determined through computation of content validity index (CVI), an indicator of level of accuracy of the instrument. The CVI formula by Njeru (46) was applied;  $CVI = \frac{\text{Number of items declared valid}}{\text{total Number of items}}$ . After computing the CVI as a way of determining the level of accuracy of the instrument, the researcher interpreted the CVI on the basis of Agaba &Turyasingura (5) rule of thumb;

**Table 2. Showing Content Validity Index Ranges**

CVI Range	Interpretation
0.9-1	Excellent
0.8-0.89	Good
0.70-0.79	Acceptable
0.60-0.69	Questionable
0.50-0.59	Poor
0.00-.0.5	Unacceptable

$$CVI = \frac{\text{Number of relevant items}}{\text{Total number of items in an instrument}}$$

$$CVI = \frac{37}{42} = 0.88$$

The content validity index for a questionnaire of 0.88, was good implying that the instrument was valid for data collection

**3.7.2 Reliability**

Reliability evaluations look at how consistently the measuring tools give results when the same populations of people are repeatedly measured under the same circumstances Mwendia, (38). A pilot study with respondents who were purposefully and simply chosen at random from the target area is also used to test the validity of the research tools. Five SACCOS in Rubanda District participated in a pilot study with questionnaires. They were asked to review the questionnaire for the following qualities: question design, language, clarity, and thoroughness. Cronbach's Alpha coefficient was used to further prove the instruments' dependability Namuli, (39). The results are 0.76 on a Statistic Package for Social Scientists (SPSS) scale, which shows that the tools are more accurate and useful.

**Table 3. Reliability statistics**

Variable	Cronbach's alpha	Number of items
Well stipulated roles	0.956	16
Well-structured departments	0.971	16
Capacity of board members	0.872	16
Performance of SACCO	0.932	20
Total	3.731	
Average	$3.731/4=0.9333$	

Source: Field Data 2022

Therefore, it is inferred that there is a high level of trust in the dependability of the entire scale if individual items are significantly connected with one another. In terms of the Cronbach's alpha, (5) offer the following guidelines: " > 0.9 - Excellent, > 0.8 - Good, > 0.7 - Acceptable, > 0.6 - Questionable, > 0.5 - Poor, and\_ 0.5 - Unacceptable."





**3.8 Data Management and Analysis**

**3.8.1 Data Management and processing**

Three stages of data analysis—descriptive, bivariate, and multivariate—were carried out. Frequencies, tables, and other output were produced as part of the descriptive analysis. In a bivariate study, the Pearson rank correlation was used to determine the linkages between categorical variables and, in addition, to compute the connections between the dependent variable and the independent variables. Again, cross tabulations were utilized to show relationships between the variables.

**Multivariate analysis**

At this point, the model was fitted, and only independent variables that at the bivariate stage showed a significant connection with the dependent variable were entered into the linear regression model. To put it another way, only variables that were significant at the bivariate stage were regressed at the multivariate level. The following equation shows the multivariate model;

$$SP = \beta_0 + \beta_1IC + \beta_2SG + \beta_3LA + \varepsilon$$

Where,

$$SP = \beta_0 + \beta_1IC + \beta_2SG + \beta_3LA + \varepsilon$$

Where

SP= SACCO performance

IC =Intenal Controls

SG =SACCOs Governance

LA = Loan Appraisal techniques

$\varepsilon$  =Error term

$\beta_1$ ,  $\beta_2$ , and  $\beta_3$  are the partial coefficients which explain how each of the independent variables

(Well stipulated roles, Well-structured departments and Capacity of board members) impact on the performance SACCOs. Proper internal controls were expected to have a positive effect on the performance of SACCOs; SACCO governance was expected to have a positive effect on the performance of SACCOs; and Loan appraisal techniques was expected to have a positive effect on the performance of SACCOs.

**4.4. Descriptive statistics for corporate governance of SACCOs in Rubanda district.**

This section presents the descriptive statistics based on the views of respondents regarding cooperate governance on the performance of SACCOs in Rubanda district.

**Table 4. Corporate governance of SACCOs in Rubanda district**

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (D) 2 and strongly Disagree (SD) 1

Statements	SA		A		UD		SD		D	
	F	%	F	%	F	%	F	%		
Our Sacco is structured into technical departments such as finance, audit, credit	88	80.7	15	13.8	00	00	7	6.	00	00
Board members have appropriate capacity for guiding strategic plans for the SACCO	89	81.7	00	00	8	7.3	12	11.1	00	00
Succession planning by management is an issue of significant interest	86	78.9	00	00	00	00	23	21	00	00
The SACCO has well developed policy on conflict of interest and procedures on how to handle any conflict	81	74.3	9	8.3	19	17.4	00	00	00	00
Different members of the board bring unique experiences and expertise to the management of the SACCO	80	73.4	16	14.7	13	11.9	00	00	00	00



The Sacco has well established policies and procedures that guide the affairs of the SACCO	100	91.7	00	00	9	8.3	00	00	00	00
All members of the Sacco clearly know their roles and responsibilities and those of their fellow members	105	96.3	00	00	4	3.7	00	00	00	00
Governance structure are suitable for effective running of SACCO activities	96	88.1	00	00	13	11.9	00	00	00	00

Source: Field Data 2022

**Our Sacco is structured into technical departments such as finance, audit, and credit**

According to the research, SACCOs are organized into technical divisions including finance, audit, and credit. This is demonstrated by the fact that during data collection, 73.4% of respondents strongly agreed with the statement, followed by 18% of respondents who agreed, and 6% of respondents who were undecided. This is evidence of the organized nature of SACCOs in Kabarole. This is in line with (53) explanation that governance systems are essential to cooperatives' long-term success.

**Board members have appropriate capacity for guiding strategic plans for the SACCO.**

The research showed that the board members are qualified to direct the SACCO's strategic plans. Compared to the 11.1% of respondents who disagreed with the statement, 81.7% of respondents strongly agreed with it, leaving 12% of respondent's undecided. As a result, it may be assumed that SACCOs in Rubanda District follow strategic plans, which have aided the institution's checks and balances. This is consistent with (54) assertion that governance is made simpler for an organization's efficient operation when board members are capable of directing SACCOs' strategic plans.

**Succession planning by management is an issue of significant interest.**

The conclusions showed that management succession planning is a topic of great interest. 21% of respondents disagreed with the statement, compared to 78.9% of respondents who strongly agreed with it. This shows that the Rubanda District SACCOs are carrying out their strategic strategy. They are using management-led succession planning as a result of this.

**SACCOs have well developed policy on conflict of interest and procedures on how to handle any conflict**

The research showed that SACCOs have well-established policies on conflicts of interest and protocols for handling any conflicts. 17.4% of respondents disagreed with the statement, compared to 74.3% of respondents who strongly agreed and 8.3% of respondents who agreed with it. This is proof that the institutions' conflict management strategy is effective. This is in line with (54), who claims that SACCO policy lessens member conflict. Departmental boundaries are outlined in policy. This suggests that each department should carry out its own duties without interfering with those of other departments.

**Different members of the board bring unique experiences and expertise to the management of the SACCO**

The results showed that the board's many members each bring their own special expertise and experiences to the SACCO's management in the Rubanda district. During data collection, 73.4% of respondents strongly agreed with the statement, followed by 14.7% of respondents who agreed and 11.9% of respondents who were undecided. This suggests that the knowledgeable board of directors of SACCOs functioning in the Rubanda District is the reason they are doing successfully. This is consistent with (55). The effectiveness of SACCOs is influenced by the board members' experience. The ability to accomplish organizational objectives (effectiveness), make efficient use of organizational resources (efficiency), and vouch for stakeholders (relevancy) through collaborative governance and management processes is typically seen as the board's experience.

**Sacco has well established policies and procedures that guide the affairs of the SACCO.**

The conclusions showed that the policies and processes used by SACCOs in the Rubanda district to manage their business are well established. In contrast to the 8.3% of respondents who were unsure, 91.7% of respondents strongly agreed. This is a sign that SACCOs are performing well since they are following the instructions in the policies and procedures.



**All members of the Sacco clearly know their roles and responsibilities and those of their fellow members**

The results showed that every SACCO member is aware of both their own and their other members' roles and responsibilities. 3.7% of respondents were unsure, compared to 96.3% who strongly agreed with the statement. This demonstrates that all staff members and board members have been carrying out their duties.

**Governance structures are suitable for effective running of SACCO activities.**

The results showed that governance structures are appropriate for successfully managing SACCO activities. During the data collecting period, 88.1% of respondents strongly agreed with the statement, while 11.9% were unsure. This suggests that everyone has been acting in accordance with their roles and obligations, from the management to the board of directors to the annual general meeting that oversees the organization.

**Board and management members work together with staff to improve performance**

The findings demonstrated that effective management of SACCO operations requires the use of governance structures. 88.1% of respondents during the data collection period had a strong agreement with the statement, while 11.9% had a neutral opinion. This means that everyone, including the management, the board of directors, and the annual general meeting that governs the business, has been functioning in accordance with their responsibilities.

**4.5. Performance of SACCOs**

This section presents the descriptive statistics based on the views of respondents regarding performance of SACCO in Kabarole District.

**Table 5: performance of SACCOs in Kabarole District.**

Key: Strongly Agree (SA) 5, (Agree (A) (4), Undecided (UD) 3, Disagree (SD) 2 and strongly Disagree (D) 1

Statements	SA		A		UD		SD		D	
	F	%			F	%	F	%		
The profitability of our SACCO is increasing	80	73.4	15	13.7	14	12.8	00	00	00	00
Our SACCO's portfolio size is increasing	98	89.9	00	00	11	10.1	00	00	00	00
Many more new members are joining our SACCO	100	91.7	00	00	9	8.3	00	00	00	00
Our SACCO's asset base is expanding	109	100	00	00	00	00	00	00	00	00
Our SACCO's dividends are increasing	96	88.1	00	00	13	11.9	00	00	00	00

Source: Field data 2022

**The profitability of our SACCO is increasing**

The results showed that our SACCO is becoming more profitable. In comparison to 12.8% of the respondents who were undecided, 73.4% of respondents strongly agreed with the statement, followed by 13.7% of respondents who agreed throughout data collection. This shows that SACCOs in the Rubanda District are profitable. This is consistent with (48) finding that SACCOs' capacity to foster development and financial performance is reliant on their ability to operate profitably.

**SACCO's portfolio size is increasing**

The results showed that the size of the SACCO's portfolio is growing. During the data collecting period, 89.9% of the respondents strongly agreed with the statement, leaving 10.1% of the respondents unsure. This suggests that the performance of the SACCO is determined by its portfolio.

**Many more new members are joining our SACCO**

The results showed that our SACCO is adding a large number of new members. 8.3% of respondents were undecided, with 91.5% of respondents firmly in agreement. This suggests that some people may have chosen to leave commercial banks and join SACCOs in the Rubanda District as a result of the district's SACCOs' strong leadership.





**SACCO’s dividends are increasing**

The results showed that the dividends paid by SACCO are rising. 11.9% of respondents were unsure, while 88.1% of respondents strongly agreed with the statement. This suggests that a SACCO's performance is influenced by the dividends that its members receive.

**4.7: Bivariate analysis**

**4.7.1 Correlation Analysis**

The correlations between the performance of SACCOs and the predictor variable which is corporate governance, and loans appraisal) are shown in this section. The link between the predictor variables and the dependent variable is depicted in the correlation matrix below.

**Table 6:** Correlations between the independent variables and the dependent variable (Financial performance of SACCOs)

		SACCO Governance	Performance of SACCOs
SACCO governance	Pearson Correlation	1	0.460**
	Sig. (2-tailed)		0.000
	N	109	109
Performance of SACCOs	Pearson Correlation	0.460**	1
	Sig. (2-tailed)	0.000	
	N	109	109

Source: Field data 2022

**4.7.2. Relationship between corporate governance and performance of SACCO**

Table 6's findings demonstrate that corporate governance and performance have a substantial positive correlation ( $r=0.672^{**}$ ;  $p$ -value $0.01$ ). These results suggest that the performance of SACCOs in Rubanda District has moderately improved as a result of Corporate governance. The aforementioned results are consistent with the assertion made by (18) that governance plays a critical role in the sustainable operation of cooperatives. (37)adds that because governance influences all facets of a firm, its success may be measured by improvements in dividend rates, incomes, and the quality and accessibility of its products.

**4.8: Multiple regression analysis**

The multivariate results for corporate governance on SACCOS performance using a linear regression model are shown in this section. The performance of the SACCO was the dependent variable, and this model was chosen since it converted it into a continuous variable.

**Table 7:** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.798 <sup>a</sup>	0.637	0.627	0.32395

a. Predictors: (Constant), Corporate Governance

b. Dependent Variable: Performance of SACCOs

According to table 7, corporate governance is an independent variable that explains 63.7 percent of the variation in SACCOs' performance (adjusted R-squared = 0.627). This suggests that the SACCOs would only see a 62.7% increase in performance if they followed corporate governance. This implies that various forms of corporate governance have an impact on SACCO success.



**Table 8: Linear regression results estimating the effects of the independent variables on performance of SACCO’S**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
SACCO governance	0.421	0.025	0.532	1.929	0.015

a. Dependent Variable: Performance of SACCOs

Source: Field Data, 2022

Results demonstrate that SACCO governance significantly and positively affects SACCO performance (coef. = 0.0532, p-value = 0.015). Holding other predictor factors equal, an increase in SACCO governance is correlated with a 0.342 increase in SACCO performance. The alternative hypothesis is preferred above the null hypothesis, which states that SACCO governance has no discernible impact on SACCO performance.’

**CONCLUSION**

The results and discussion lead to the conclusion that corporate governance and SACCO performance in the Rubanda District are strongly correlated. This suggests that better SACCO performance is linked to effective SACCO governance. Furthermore, corporate governance frameworks have a significant impact on the SACCO's performance if the organization's tasks and obligations are properly delegated to competent individuals within each department. These results show that duties and responsibilities are well defined, departments are well-organized, board members are competent, and all members are aware of their rights and responsibilities.

**RECOMMENDATION**

According to the study, the majority of respondents felt that SACCO governance had a significant impact on how well SACCOs perform. According to the report, corporate governance is essential for the expansion of SACCOs in the Rubanda District. The district's SACCOs' performance will be made public if it is taken into consideration. All parties involved will be carrying out their tasks without upsetting their coworkers.

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