

**EFFECT OF CORPORATE DIRECTORSHIP ON
FIRM PERFORMANCE: CASES OF COMPANIES
LISTED ON THE UGANDA SECURITIES EXCHANGE
(USE)**

THESIS

Submitted for Master of Business Administration Study
Program, Faculty of Social and Political sciences,
Diponegoro University to fulfill the requirements for Master
of Business Administration



**LOUIS ROY BYARUHANGA
NIM: 14030121419023**

**MASTER OF BUSINESS ADMINISTRATION
FACULTY OF SOCIAL AND POLITICAL SCIENCES
UNIVERSITAS DIPONEGORO
SEMARANG
2023**

DECLARATION OF THE AUTHENTICITY OF SCIENTIFIC WORKS

I, the undersigned below:

Full name : Byaruhanga Louis Roy
Student ID Number : 14030121419023
Place, Date of Birth : Masaka, 1993-08-21
Department : Business Administration
Address : Kayima Road, Kyebando-Kisalosalalo Zone, Kawempe
Division, Kampala City, P.O. Box 16422

I hereby declare that this thesis report titled "Examining the effect of corporate directorship on performance; Cases of Companies Listed on Uganda Securities Exchange" is truly my own work, not the result of other people's scientific work and also does not contain plagiarism from other sources of information. This was confirmed by the results of the Turnitin similarity test which was less than 20%¹. If in the future it is proven that the scientific work that I wrote is not the result of my own scientific work or the result of plagiarism of other people's work, then I can accept sanctions in the form of cancellation of my scientific work with all the implications, as a result of the fraud that I did.

I make this statement truthfully and with full awareness and responsibility.

Acknowledged
Supervisor

Semarang, 08-08-2023

Who made the statement,

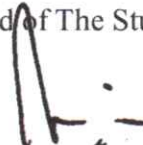


Prof. Bulan Prabawani, S.Sos, MM, Ph.D.
NIP. 197611182003122005



Byaruhanga Louis Roy
NIM. 14030121419023

Head of The Study Program



Dr. Andi Wijayanto, S.Sos, M.Si
NIP. 197503152008011014

¹Attach documents of Turnitin test results which show <20% similarity test

APPROVAL

Thesis Title : Examining the effect of corporate directorship on
Performance: Cases of Companies Listed on Uganda
Securities Exchange
Student's Name : Byaruhanga Louis Roy
Study Program : Master of Business Administration
Department : Business Administration

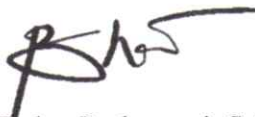
Semarang, 8 Agustus 2023

Dean



Prof. Dr. Drs. Hardi warsono, M.T
NIP. 196408271990011001

Supervisor 1



Prof. Bulan Prabawani, S.Sos, MM, Ph.D
NIP. NIP.197611182003122005

Examiner 1



Prof. Dr. Drs. Ngatno, MM
NIP. 196205061988031006

Deputy Dean I



Dr. Drs. Teguh Yuwono, M. Pol. Admin
NIP. 196908221994031003

Supervisor 2



Dr. Andi Wijayanto, S.Sos, M.Si
NIP. 197503152008011014

Examiner 2



Dr. Priyotomo, S.Sos, MM
NIP. 197612212010011003

Table of Contents

DECLARATION OF THE AUTHENTICITY OF SCIENTIFIC WORKS.....	ii
APPROVAL	iii
LIST OF TABLES	vii
LIST OF FIGURES.....	viii
ABSTRACT	ix
CHAPTER I INTRODUCTION	1
1.1 Research Background.....	1
1.2 Research Authenticity.....	9
1.3 Research problems.....	9
1.4 Research objectives.....	10
1.4.1 General objective.....	10
1.4.2 Specific Objectives.....	10
1.5 Significance of the research	11
1.6 Literature Review.....	12
1.6.1 Corporate Performance.....	12
1.6.2 Corporate Directorship	16
1.6.3 The Influence of Corporate Directorship on Firm's Performance.....	28
1.6.4 Previous research	29
1.6.5 Theoretical framework	31
1.6.5.1 Agency Theory	32
1.6.5.2 Stakeholder theory.....	33
1.7 Hypothesis.....	34
1.8 Conceptual definitions and operational definition.....	35
1.9 Research Methods.....	37
1.9.1 Research type	37
1.9.2 Population and sampling	38
1.9.3 Sampling technique	39
1.10 Data type and sources.....	39
1.10.1 Secondary data sources	40
1.11 Data collection techniques.....	40
1.12 Data Analysis	41
1.12.1 Quantitative data analysis.....	41

1.12.2 Qualitative data	42
CHAPTER II OVERVIEW OF THE SETTING RESEARCH.....	43
2.1 Overview of Uganda Securities Exchange	43
2.2 USE listed companies.....	44
CHAPTER III RESEARCH RESULT	66
3.1 Descriptive statistics	66
3.1.1 Board size.....	66
3.1.2 CEO age	66
3.1.3 CEO tenure.....	67
3.1.4 Non-Executive Directors (NEDs).....	67
3.1.5 Director remuneration.....	67
3.1.6 Firm age.....	68
3.1.7 Firm size.....	68
3.1.8 ROA.....	68
3.2 Empirical findings.....	71
3.2.1 Correlation findings.....	71
3.2.2 Regression analysis.....	72
3.2.2 Hypothesis Testing	77
3.2.3.1 The influence of Board size on the corporate performance of companies listed on the USE.....	77
3.2.3.2 The influence of CEO age on the corporate performance of companies listed on the USE	77
3.2.3.3 The influence of CEO tenure on the corporate performance of companies listed on the USE.....	78
3.2.3.4 The influence of the proportion of non-executive directors (NEDs) on the corporate performance of companies listed on the USE	78
3.2.3.5 The influence of Directors' remuneration on the corporate performance of companies listed on the USE	79
3.2.3.6 Board size, CEO age, CEO tenure, Proportion of non-executive directors (NEDs), and Directors' remuneration simultaneously influence the performance of companies listed on USE.....	79
3.3 Control variables.....	79
3.3.1 Firm age.....	80

3.3.2 Firm size	80
CHAPTER IV DISCUSSION OF RESEARCH RESULT	81
4.1 Introduction	81
4.2 Discussion of Findings	81
4.2.1 Board size	81
4.2.2 CEO age	82
4.2.3 CEO tenure	83
4.2.4 NEDs (Non-executive directors)	84
4.2.5 Remuneration of Directors (REMDs)	85
CHAPTER V CONCLUSIONS AND RECOMMENDATIONS.....	89
5.1 Conclusions	89
5.2 Recommendations.....	97
REFERENCES	100
Turn it test Results.....	116
Appendices.....	115

LIST OF TABLES

Table 1.1 Previous research	30
Table 1.2 Variable Measurements	377
Table 1.3 Listed companies	388
Table 3.3 Summary statistics for data collected on each of the 17 companies per variable	71
Table 3.4 Summary Statistics for all companies combined	73
Table 3.5 Pearson correlation coefficient matrix	74
Table 3.6 Regression model summary	73
Table 3.7 ANOVA (Analysis of variance results)	73
Table 3.8 Fixed effects regression model on the effects of corporate directorship on firm performance (model 1)	746
Table 3.9 Random effects regression model on the effects of corporate directorship on firm performance (model 1)	757
Table 3.10 Hausman specification test for fixed and random effect test comparison	768

LIST OF FIGURES

Figure 1.1 Agency Theory	33
Figure 1.2 Stakeholder classification model.....	34
Figure 1.3 Working hypothesis model.....	35
Figure 2.1 Uganda Clays LTD Head Quarters in Kajjansi	46
Figure 2.2 British American Tobacco (BAT) Uganda Products	48
Figure 2.3 Bank of Baroda (U) Ltd Baroda House	49
Figure 2.4 Development Finance Company of Uganda LTD Head Quarters	51
Figure 2.5 New Vision Printing and Publishing Co Ltd	52
Figure 2.6 Stanbic Bank Uganda Limited	54
Figure 2.7 National Insurance Corporation (NIC)	55
Figure 2.8 UMEME Uganda limited.....	51
Figure 2.9 Cipla Quality Chemical Industries Ltd head quarters.....	57
Figure 2.10 MTN-Uganda sponsoring Makerere University	58
Figure 2.11 East African Breweries Ltd (EABL).....	59
Figure 2.12 Kenya Airways.....	60
Figure 2.13 Jubilee Holdings Ltd.....	61
Figure 2.14 Equity Bank Uganda Head Quarters.....	62
Figure 2.15 Kenya Commercial Bank Ltd.....	63
Figure 2.16 Nation Media Group	64
Figure 2.17 Centum Investments.....	65