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The Effect of Financial Reporting on the Performance of Commercial Banks in Uganda: A Case Study of Centenary Rural Development Bank

The study established the effect of Financial Reporting on the Performance of Commercial Banks in Uganda based on the Agency and the Goal Setting Theories. Financial Reporting was viewed in terms of financial reports, audit reports, corporate governance reports, and sustainability reports. Organisational performance was viewed in terms of profitability, productivity, and quality. The purpose of the study was to establish the relationship between financial reporting and organisational performance. A sample of 46 participants was randomly selected to be part of the study at Centenary Rural Development Bank, Nakivubo and Kireka branches. A structured five-point Likert type questionnaire was designed and administered with a 95.6% response rate. An interview guide for key informants was also designed and helped in getting information from respondents on the subject under study. In analysing the data, descriptive analysis, correlation analysis, and regression analysis were used to do the analysis of the data. The findings showed that there is a positive relationship between financial reporting and organisational performance. It was also revealed from the findings that the independent variables (financial reports, audit reports, corporate governance reports, and sustainability reports) predicted to 48.8% of the variations in the dependent variable (organisational performance). The study, therefore, concluded that human capital financial reporting positively affects performance of an organisation. It was recommended that financial reporting should be made key in organisations since it positively influences performance. The study also revealed that the independent variables accounted for only 48.8% of the variations in the dependent variable; it was, therefore, recommended that further research has to be done to find out the other factors which account for the remaining 51.2%. Having carried out the study in a banking sector, it can also be conducted in other organisations.

Key words: Financial, Performance, Commercial, Bank, Reporting