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The Role of Corporate Governance on Organisational Performance: A Case Study of National Insurance Corporation

Globalisation and financial market liberation have opened up new markets with the possibility of reaping huge profits. This is juxtaposed with traverse exposure to fierce competition, increased risk and capital fluctuations. More than ever corporations are required to gear up to exploit the global market opportunities as well as defend and increase their participation in the liberalised environment. Globalisation calls for a new type of business enterprise; one with a global mind set, world business vision and strategic freedom that is highly networked. Corporate governance principles and guidelines have thus become vital for the sustainability of corporations. Uganda must hence see corporate governance as vital to its economic and social development if it is to keep at par with today's increasingly global markets. It is based on the aforementioned premise that this study was undertaken with the purpose of establishing the role of corporate governance on organisational performance. The study was guided by the agency theory while seeking to establish what role do board of directors, management and other stakeholders have to play in as far as corporate governance is concerned. A case study of National Insurance Corporation was undertaken. The study established that the existence of quality and effective leadership is paramount for a corporation to achieve its objectives and effectively discharge their functions. Corporations demand quality and effective leadership that is responsive, transparent, and accountable and that has focused intelligence to acquire and apply knowledge and know-how for the production and creation of wealth. The study hence established that there is a nexus between good corporate governance and organisational performance. More still, the study established a need to improve capacity to support implementation of corporate governance. There was also a need for sensitising the public and all stakeholders of the benefits and returns of corporate governance if its benefits are to be fully realised. Corporate governance must become a philosophy of business enterprises. The onus, therefore, lies with all stakeholders to ensure that their respective roles, duties and responsibilities in as far as good governance is concerned are performed in a manner that helps foster transparency, probity and accountability.

Key words: Globalisation, Governance, Performance, Insurance, Corporation