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Board Characteristics and Performance of Commercial Banks: A Case Study of Guaranty Trust Bank (Uganda) Limited.

The study focused on board characteristics and performance of commercial banks in Uganda: A case of Guaranty Trust Bank (Uganda) Ltd. The research objectives were to; examine how board size affects bank performance, examine how board composition affects bank performance, examine how board diversity affects bank performance, examine how board culture affects bank performance and finally, to examine how the moderating effect of regulation affects corporate governance practices and organisational performance of a bank. The study was descriptive in nature, majorly employing the qualitative approach. Both primary and secondary data was used in carrying out the study. Primary data was collected using questionnaires and interviews, while secondary data was obtained from the Bank's annual reports for the financial years 2014 and 2015 and from the CAMELS ratings obtained from the Bank of Uganda quarterly reports on GTBank's composite performance during the same period. The data was then analysed using the Statistical Package for the Social Sciences (SPSS) and Chi-squares. The study findings revealed that; the board of directors plays a major role in determining the direction of the bank. Furthermore, the findings also revealed that board size and board composition significantly affect bank performance. However, the findings also revealed that board diversity has no significant impact on bank performance, but only the individual aspects of board diversity such as banking industry experience, directors' qualifications and expertise were found to have a significant impact on bank performance. Similarly, board culture was also found not to have any significant impact on bank performance, however, individual variables measuring board culture such as candour, team building/cohesion and board leadership were found to have a significant impact on bank performance. Finally, the research findings also revealed that Central Bank regulation has a significant impact on corporate governance practices and bank performance.

Key Words: Board Characteristics, Commercial Banks, Guaranty Trust Bank.