



MAKERERE UNIVERSITY BUSINESS SCHOOL

**BOARD EFFECTIVENESS, MANAGERIAL COMPETENCES AND
ACCOUNTABILITY IN STATE OWNED
ENTERPRISES IN UGANDA**

BY

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PLAN A

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DECLARATION

I, **Abuko Susan** affirm that this dissertation is an outcome of my personal effort, done with the guidance of university supervisors, and has not been offered to any higher institution for any honor.

Signature.....SS.....Date.....4/09/2025.....

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APPROVAL

This is to confirm that this dissertation has been developed under our supervision and is recommended for submission to the Makerere University.

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4/9/2025

DEDICATION

To my loving mother, Mrs. Norah Mawa Sawua and Brother Gilbert Eyotre who went to be with the Lord before the completion of this work. My Mum's sacrifices, guidance and support in my life and academics, will forever be cherished.

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LIST OF ACRONYMS

BoDs	Board of Directors
CEOs	Chief Executive Officers
COSASE	Committee on Commissions, Statutory Authorities and State Enterprises
DV	Dependent Variable
FGSR	Faculty of Graduate Studies and Research
GDP	Gross Domestic Product
HR	Human Resource
NSWC	National Water and Sewerage Corporation
OECD	The Organization for Economic Cooperation and Development
PSBSs	Public Sector Balance Sheets
RBV	Resource Based View
SACCOs	Saving and Credit Cooperative Organizations
SHRM	Strategic Human Resource Management
SOEs	State Owned Enterprises
SPSS	Statistical Package for Social Sciences
CVI	Content Validity Index
PFMA	Public Finance Management Act
IV	Independent Variable
IFRS	International Financial Reporting Standards
OAG	Office of the Auditor General

ABSTRACT

State-owned Enterprises (SOEs) in Uganda are confronted with accountability challenges characterized by a lack of transparency, non-compliance with policies and regulatory frameworks, and incomplete or inaccurate disclosure. This study examined the relationships among Board Effectiveness, Managerial Competences and Accountability in SOEs in Uganda. Guided by four primary objectives, the research explored the association between board effectiveness and accountability; assessed the link between board effectiveness and managerial competences; investigated the association between managerial competences and accountability and lastly the research analyzed the mediating role of managerial competences in the link between board effectiveness and accountability within Ugandan SOEs. Employing a cross-sectional design with a quantitative approach, data were collected with a designed questionnaire administered to 32 SOEs in Uganda, selected from a population of 35 sampling framework using simple random sampling to choose respondents. Data analysis involved correlation, regression, and mediation techniques using SPSS and MedGraph to test the associations among key variables. The results disclosed a positive and statistically significant connection between board effectiveness and accountability in SOEs ($r = .976$). A positive, significant association was also found between board effectiveness and managerial competences ($r = .454$), managerial competences and accountability ($r = .532$). Regression results indicated that board effectiveness and managerial competences jointly explained 96.1% of the variance in accountability among SOEs (Adjusted $R^2 = .961$), with the remaining 3.9% attributed to unexamined factors. Both board effectiveness ($\beta = .926$, $t = 23.172$) and managerial competences ($\beta = .111$, $t = 2.775$) emerged as significant predictors of accountability. Mediation analysis further demonstrated that managerial competences partially mediate the relationship between board effectiveness and accountability (Sobel $z = 1.977$). This study recommends that Ugandan SOEs enhance accountability by prioritizing the development of managerial competences through targeted training and development programs aimed at improving behavioral outcomes, such as disclosure, transparency, and compliance. Regular evaluation of board competencies, combined with a structured and transparent selection process, is essential to ensure balanced and effective board composition. Support from the government and other stakeholders, including tailored training programs, can further strengthen board capabilities. SOEs should also provide boards with clear role definitions, ethical guidelines, and performance standards. This approach fosters a culture of responsible governance, reinforced by the establishment of consequences for varying levels of accountability, both positive and negative. Finally, the adoption of diverse board expertise ensures alignment between governance practices and SOE objectives, promoting sustainable organizational performance and accountability.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This part introduces the study's context, pronounces the central research problem, and defines its aims and objectives. It also presents the research questions, defines the study's boundaries, explains their importance, and provides a conceptual framework for the investigation.

1.1 Background of the Study

Accountability is a fundamental requirement for all public entities (Lartey et al., 2020). It includes formulating guidelines for financial reporting and compliance, ensuring that the whole organization follows these guidelines, and considers them the appropriate course of action (Wang & Sarkis, 2017). According to Hardiningsih et al. (2020), accountability is the obligation to report and take responsibility for the effectiveness or ineffectiveness of an organization's mission in achieving predetermined outcomes on a regular basis. The purpose of accountability is to help disclose both fiscal and non-fiscal information as well as raise public awareness of the effectiveness and performance of enterprises (Park, 2020). Studies suggest that enterprises that are transparent, compliant, and disclose financial and non-financial information tend to be more effective. Thus, numerous scholars, policymakers, and practitioners have assumed that accountability is vital for making State-Owned Enterprises (SOEs) more effective (Han & Hong, 2019). Scholars, suggest SOEs should operate with specific control mechanisms that promote accountability (Turyakira et al., 2022), such as board effectiveness (Arora, 2015) and managerial competences (Hardiningsih et al., 2020).

A state enterprise is an organization established under legislation other than the Company's Act or a local government council. It also encompasses companies registered under the Company's Act

in which the government or state holds a majority stake (PFMA, CAP 171, 2015). Globally, SOEs play a pivotal role in the economy, employing over six million people and accountability for approximately 19% of intercontinental trade revenues. Collectively, their sales represent about 6% of global gross national income. In sub-Saharan Africa, SOEs contribute significantly to development efforts responsible for over 30% of infrastructure investments (Megersa, 2020). In a selection of sub-Saharan African nations, SOEs represent a considerable portion of public sector balance sheets, with liabilities averaging 20% of Gross Domestic Product (GDP) and assets amounting to approximately 32% of GDP.

Despite these contributions, many SOEs in African countries continue to grapple with poor accountability characterized by a lack of transparency, insufficient performance monitoring, politicized management, weak financial reporting and disclosure practices, and weak board oversight (World Bank, 2020a; OECD, 2017). Studies further indicate that both internal and external reporting, encompassing financial and non-financial aspects, are often deficient or imprecise. This inadequate reporting undermines decision-making by boards and executive management and frequently misinforms governments, legislative bodies, and the public (Keremidchiev & Nedelchev, 2020).

In Uganda, SOEs are engaged in a wide range of service provisions (Turyakira et al., 2022). Yet, the misuse of public funds, lack of transparency and full disclosure, inefficiencies, and financial irregularities continue to characterize their operations (Turyakira et al., 2022). While studies on accountability are expanding, the notion itself is still regarded as difficult to define with precision (McKernan, 2012). Few studies have examined accountability in evolving republics (Aryatwijuka et al., 2022), and even fewer have explored SOEs in Uganda. As a research field, accountability remains in its early stages of development, with many aspects yet to be fully understood (Hall et

al., 2017). Although various dimensions of accountability have been extensively examined within the framework of corporate governance, this study specifically focuses on transparency, disclosure, and compliance. This study is anchored in Agency Theory and the Resource-Based View (RBV), which together provide a dual academic lens for examining accountability in SOEs. Agency Theory posits that boards serve as oversight mechanisms, ensuring that managers align their actions with organizational goals and shareholder interests (Jensen & Meckling, 1976). In the context of SOEs, weak board monitoring often results in managerial opportunism, political interference, and diminished accountability (Eghbalia et al., 2022). In contrast, RBV emphasizes that sustainable organizational performance depends on the effective deployment of valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). From this perspective, managerial competences is conceptualized as a strategic resource that enables SOEs to translate board directives into accountability practices (Ndemezo & Kayitana, 2020). Integrating these perspectives suggests that while boards provide oversight and strategic direction, it is the distinctive competences of managers that operationalize these directives into accountability outcomes. Accordingly, this theoretical foundation underpins the argument that managerial competences mediates the relationship between boards and accountability in Uganda's SOEs.

Although global debates underscore the importance of accountability in corporate governance, significant gaps persist in the context of SOEs in emerging economies. In sub-Saharan Africa, SOEs face systemic weaknesses, including weak boards, limited managerial competence, and inconsistent accountability structures (IMF, 2021; World Bank, 2020a; Han & Hong, 2019; Park, 2020). Most existing studies, however, focus on developed economies with stronger institutional frameworks (Eghbalia et al., 2022). By contrast, countries such as Uganda face unique structural, institutional, and political challenges that complicate governance enforcement. Yet, limited

scholarship has examined how board effectiveness and managerial competences jointly shape accountability in Ugandan SOEs (Aryatwijuka et al., 2022; Turyakira et al., 2022). This study addresses this critical gap by proposing an integrated framework linking board effectiveness, managerial competences and accountability.

1.2 Statement of the problem

In Uganda, state-owned enterprises (SOEs) were mandated to deliver public services efficiently while sustaining financial viability and maintaining competitiveness in the global market. However, SOEs have continued to grapple with persistent accountability challenges, including inadequate transparency, non-adherence to established policies and regulatory frameworks, and the presentation of incomplete or inaccurate financial disclosures (Turyakira et al., 2022; COSASE, 2019).

For instance, the 2018 Auditor General's Report revealed that Posta Uganda had tax arrears amounting to UGX 4.3 billion and uncollected rental income of UGX 2.4 billion, which were not reflected in its financial statements (Office of the Auditor General, 2018). The 2019 Report further showed that several SOEs, including Uganda Air Cargo Corporation, accumulated trade payables and receivables due to weak internal controls and mismanagement (Parliament of Uganda, 2020; Office of the Auditor General, 2019). In 2020, persistent cases of unsupported expenditure and irregular procurement were reported in entities such as Uganda Broadcasting Corporation (Uganda Radio Network, 2021). Similarly, the 2021 Report highlighted delays in financial reporting and weak oversight by boards of directors, while the 2022 Report pointed to persistent governance lapses, including expired board mandates and inadequate monitoring of management (Watchdog Uganda., 2022; Office of the Auditor General, 2023a). Most recently, the 2023 Auditor General's Report documented continued cases of financial misstatements, loss of public funds, and poor

compliance with regulatory frameworks across several SOEs, underscoring that accountability challenges remain unresolved (Office of the Auditor General, 2023b).

This trend reveals that accountability weaknesses in SOEs are not isolated incidents but recurring and systemic challenges that have persisted for at least the past six years. Concerns have been raised regarding the capacity of boards to adequately monitor and guide executive management, often falling short in upholding their accountability obligations to the organization and its stakeholders. Against this backdrop, this study explored the mediating role of managerial competences in the relationship between board effectiveness and accountability within Uganda's SOEs.

1.3 Purpose of the study

This study sought to examine the relationship between board effectiveness, managerial competences and accountability in state owned enterprises in Uganda.

1.4 Objectives of the study

- a) Explore the association between board effectiveness and accountability in state owned enterprises in Uganda.
- b) Establish a connection between board effectiveness and managerial competences in state-owned enterprises in Uganda.
- c) Assess the link between board managerial competences and accountability in state owned enterprises in Uganda.
- d) Ascertain the mediating effect of managerial competences in the relationship between board effectiveness and accountability in state owned enterprises in Uganda.

1.5 Research questions

The research was directed by the questions below to accomplish the aforementioned objectives:

- i. What is the association between board effectiveness and accountability in state owned enterprises in Uganda?
- ii. What is the relationship between board effectiveness and managerial competences in State-owned enterprises in Uganda?
- iii. What is the nature of relationship between managerial competences and accountability in state owned enterprises in Uganda?
- iv. What is the mediating effect of managerial competences in the relationship between board effectiveness and accountability in state owned enterprises in Uganda?

1.6 Scope of the study

1.6.1 Content scope

This research investigated interrelationships among three key variables in SOEs: board effectiveness (independent variable), managerial competences (mediating variable), and accountability (dependent variable). This investigation examined several aspects, including the connection between board effectiveness and accountability in SOEs, the link between board effectiveness and managerial competences in SOEs, the association between managerial competences and accountability in SOEs, and the collective impact of board effectiveness and managerial competences on accountability within SOEs. The study also looked at the mediating role of managerial competences in the relationship between board effectiveness and accountability.

1.6.2 Geographical scope

This research was carried out at the head offices of SOEs located in Uganda, where the government retains major shareholdings. The study targeted head offices because it is where board members periodically meet to exercise their responsibilities and therefore it was easier for the researcher to access the board chairperson or their designate.

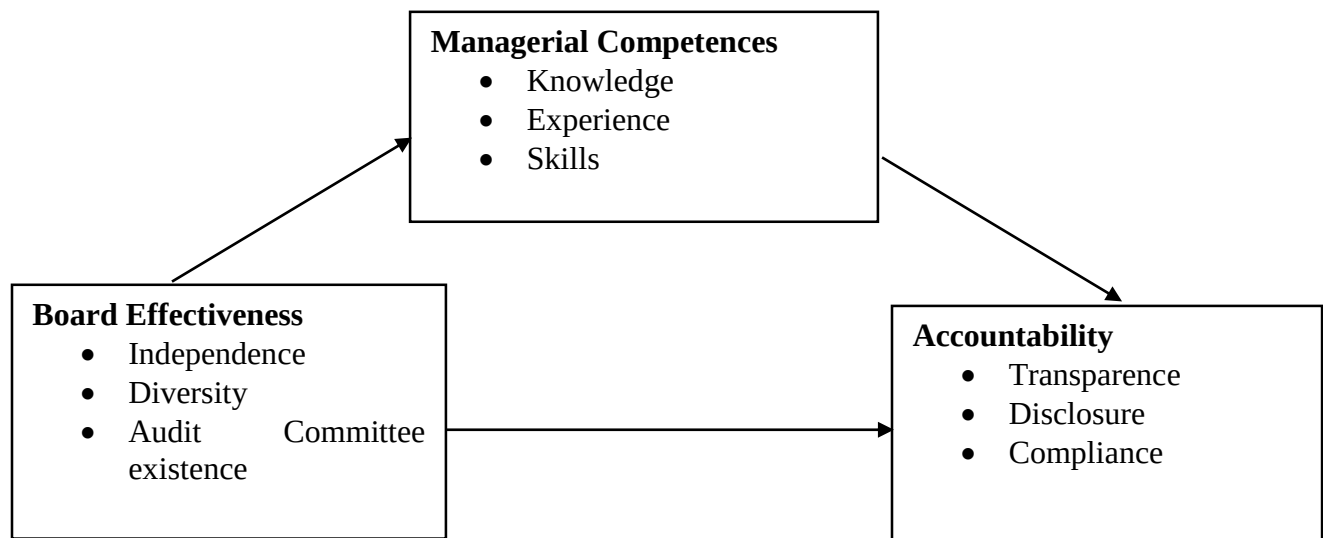
1.7 Significance of the study

- i. The study findings may offer valuable guidance to policymakers in designing strategies, policies, and procedures aimed at improving accountability within state-owned enterprises (SOEs) in Uganda. The study emphasizes recommendations for enhancing board effectiveness and managerial competences, contributing to the development of key accountability frameworks and performance indicators for evaluating and monitoring public sector operations.
- ii. Furthermore, these results may give crucial observations for policymakers and regulatory bodies involved in public sector governance, particularly in refining accountability standards and codes. By illustrating the positive effect of strengthening board effectiveness and managerial competences, the study underscores the potential for improved transparency, disclosure, and regulatory compliance within SOEs.
- iii. The outcomes of this research may prove to be a valuable resource for scholars, researchers, and students. It offers reliable references for future investigations into the dynamics of board effectiveness, managerial competences, and accountability within SOEs. Additionally, the study highlights critical areas for further research, providing scholars with deeper insights into these key factors and their interrelationships.
- iv. The findings back the evolving body of knowledge on board effectiveness, managerial competences, and accountability within state-owned enterprises (SOEs). By empirically examining the interrelationships between board effectiveness and managerial competences, board effectiveness and accountability, as well as managerial competences and accountability, the study offers a complete analysis of how these dimensions network.

This research not only enhances theoretical understanding but also lays a foundation for future inquiries into governance practices within SOEs.

- v. The study identifies critical managerial capabilities such as knowledge, skills, and expertise that are essential for promoting accountability in SOEs. It also underscores the importance of board effectiveness, explores its key attributes, and assesses its influence on both managerial competences and organizational accountability. The insights derived from this research offer practical implications for stakeholders, assisting them in recognizing and strengthening their respective contributions to improved accountability in the public sector.

1.8 Conceptual Model



Source; (Sharma, 2011; Lartey et al., 2020; Kezaabu et al., 2023; Deshani & Ajward, 2021; Ngumo, 2021; Alebiosu et al., 2022; Keremidchiev & Nedelchev, 2020; Onyango, 2016).

Figure 1: Conceptual Framework

1.8.1 Explanation

This includes board effectiveness as the independent variable, managerial competences as the mediating factor, and accountability as the dependent variable (DV). According to this model, an effective board characterized by independence, diversity and the existence of a functional audit committee can directly improve accountability. Additionally, the model posits that such a board also exerts an indirect influence on accountability through managerial competences by ensuring that the executive team possesses the appropriate blend of expertise, skills and knowledge. Thus, accountability in SOEs can be strengthened through the combined impact of a capable board and a proficient management.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section concentrates on the study's theoretical underpinnings, an assessment of the work of other scholars and researchers, an explanation of variables and their interactions.

2.1 Theoretical Review

A variety of theoretical perspectives have been utilized in previous research to explore the dimensions of corporate governance. These include the Resource-based view (RBV) put forth by Barney (1991), Agency theory (Jensen & Meckling, 1976), Stakeholder theory (Freeman, 1984), and Resource dependence theory (Pfeffer & Salancik, 1978).

In this study, the focus is specifically on agency theory and the resource based view theory (RBV) to investigate the interplay between board effectiveness, managerial competences and accountability, with managerial competences acting as a mediating factor. These theoretical lenses offer distinct yet complementary insights into the mechanisms through which effective governance structures and executive capabilities influence accountability outcomes. While agency theory emphasizes the need for oversight and managerial choices that are in line having the shareholders' interests in mind, the RBV underscores the strategic value of internal capabilities as a source of sustained organizational advantage. By integrating both frameworks, the study proposes a more holistic comprehension of the dynamics driving accountability in SOEs.

2.1.1 Agency Theory

Originating from economic philosophy, Jensen and Meckling (1976) established this theory. This theoretical context delineates the association between principals, shareholders, and agents

comprising board members and managers. This theory posits that the owners (shareholders) of SOEs, acting as principals, employ agents (executives) to conduct work on their half. As a result, heads (principals) delegate the daily management roles to the agents such as directors and managers (Clarke, 2004), and this triggers the principal-agent problem. This issue arises from the potential misalignment amid the agent's and principal's objectives, stemming from the disparity in information available to each party (Jensen & Meckling, 1976). Consequently, the executive transforms into mechanisms for corporate power utilized by business owners to minimize activity costs and align management objectives with those of shareholders.

Based on agency theory, a board's effectiveness lies in its role as a supervisory entity for shareholders, which enhances accountability. Bear et al. (2010) state that boards need a suitable mix of experience, skills, and capabilities to effectively exercise their monitoring function. Furthermore, boards are responsible for assessing management performance, examining business strategies and their effects on accountability, scrutinizing financial reports, evaluating strategic plans, and ensuring that managers are held responsible for their performance outcomes. Therefore, effective boards can better grasp of difficult business problems and management decisions. The effectiveness of boards in monitoring managers' resourceful behavior can be realized through diverse features, such as board meetings, independence, diversity, size, CEO duality and subcommittees (Ghazalat et al., 2017).

Considering the agency theory, boards comprising associates with diverse and pertinent expertise enhance board autonomy and mitigate issues arising from differences irrespective of gender, ethnicity, or cultural heritage. This amplifies the board's capacity to bridge gaps that facilitate managerial success. Unbiased and impartial autonomous executives (members free of conflicts of interest) provide their services to the business and its shareholders while focusing their expertise

on advancing the firm's objectives (Fama & Jensen, 1983b). Through the monitoring of executive decisions, directors effectively address agency issues between management and ownership, thereby enabling the identification of optimal solutions to these problems (Lutfi et al., 2014). Similarly, an effective board can design a compensation structure to incentivize managers to focus on shareholder value creation.

Conversely, skilled managers have the requisite expertise, abilities, and background to make informed commercial choices (Ssekakubo et al., 2014). This reduces the risk of mismanagement and fosters trust in boards and stockholders. The theory suggests that competent managers understand their fiduciary duty to shareholders, make decisions based on ethical considerations, set clear performance goals, track progress, and hold themselves and their teams accountable for achieving their objectives. Consequently, the executive plays a vital role in reducing the gap caused by conflicting interests when disagreements occur between the principals and agents.

Accordingly, agency theory aims to lessen principals' costs by implementing appropriate internal controls. These controls include ensuring board independence, optimizing board size, increasing the amount of board meetings, structuring the board effectively, promoting board diversity, and establishing audit committees (Finkelstein & Mooney, 2003; Molokwu et al., 2013).

Agency theory suggests that, by enhancing board effectiveness and managerial skills, organizations can establish frameworks that inspire managers to perform in shareholder's interests, thereby improving overall accountability. Agency theory alone may not ensure the effectiveness of a board without substantial consideration of other organizational elements (Deshani & Ajward, 2021). Consequently, other theories can provide further insights into the principal-agent relationship by examining non-economic organizational factors. Within this context, Barney's

(1991) resource-based view theory has gained prominence as a significant framework for explaining the non-economic facets of organizations, including managerial competences.

2.1.2 The Resource Based View (RBV)

RBV theory traces its origins to the foundational work of Penrose (1959). According to Barney (1991), an organization's competitive edge stems not only from obtaining resources, but also from nurturing, integrating, and efficiently utilizing its tangible, human, and organizational assets. This process involves implementing strategies that create distinctive values that are challenging for rivals to replicate. In line with the RBV, an organization's competitive edge stems from its internal assets (Wernerfelt, 2014). This perspective examines the interplay between internal resources, strategic planning, and organizational performance. Lado and Wilson (2014) contend that when managerial skills are integrated into a comprehensive Human Resource (HR) framework, they can become unique and challenging to replicate, thus fulfilling the criteria for a sustained competitive advantage.

While the literature acknowledges both perspectives, the bulk of strategic human resource management (SHRM) scholars employing the RBV as their hypothetical foundation have concentrated on the overall HR philosophy or the HR system as a means to cultivate a firm's human capital (Boxall, 2018). This approach is prevalent among researchers in this field. In this study, RBV is used to support an organization's human resource capabilities, such as managerial competences and board effectiveness, which must be valuable, rare, difficult to imitate, and irreplaceable to offer a company a competitive edge (Puka et al., 2019). Conferring to the theory, a company's board of directors serves as an innovative and valuable resource (Miller & Triana, 2009). This is evidenced by various contributions, including bolstering the firm's standing, providing expert knowledge, creating external linkages, and offering managerial advice (Bathula,

2008). Therefore, boards can contribute significantly to improving accountability from an economic standpoint by fulfilling these responsibilities.

This aligns with the capabilities and utilization of its human resources, including those of the board and management team, which should not be easily imitated and substituted by rivals (Teece et al., 1997). Indeed, Özbağ (2013) suggested that managerial competences evolved from the RBV as firm specific capabilities built up over time, that are grounded in expertise, distinctive, tailored to the company, and difficult to imitate. Out of the standpoint of the RBV, managerial competences and board effectiveness are considered strategic resources that help maintain a company's competitive edge (Barney, 1991). These capabilities serve as unique organizational assets that enable firms to enhance performance and accountability. Specifically, effective boards are essential in supervising management and coordinating executive decisions with shareholders' interests, thereby fostering improvements in firm value, performance outcomes, and overall accountability (Hillman & Dalziel, 2003; Zahra & Pearce, 1989). Thus, this study employs a resource-based perspective (Barney, 1991), positing that an efficient board serves as both a fundamental capability of an organization and a means of resource allocation. Additionally, management expertise (Kamukama et al., 2017) is considered a distinctive asset, as individuals cannot be dissociated from their expertise, abilities, background, and principles in the same manner as they can be from tangible resources.

2.2 Explanation of Variables

2.2.1 Accountability

While accountability is often cited in the literature and regularly incorporated into definitions of corporate governance, efforts to elucidate its precise meaning have been limited (Keay & Zhao, 2016). Furthermore, there remains ambiguity regarding whom the board is accountable - whether

shareholders, stakeholders, or society at large (Virtanen & Takala, 2016). Virtanen & Takala (2016) observes that there remains no agreed upon definition of accountability, particularly concerning SOEs, where scholarly inquiry into its determinants is still relatively underdeveloped (Daiser et al., 2017; Grossi et al., 2015). Prior research (Guest, 2009; El-Faitouri, 2014; Horvath & Spirollari, 2012; Bhagat & Bolton, 2013) has primarily focused on accountability within the context of industrialized nations like US and the UK.

Additionally, studies have been conducted in other national contexts including Finland (Virtanen & Takala, 2016), Malaysia (Fooladi & Shukor, 2012; Shukeri et al., 2012), China (Hu et al., 2010), Romania (Achim et al., 2016), India (Arora & Sharma, 2016), and Uganda (Turyakira et al., 2022; Aryatwijuka et al., 2022; Bakalikwira et al., 2017; Onyango, 2016). Despite this, there remains an absence of research specifically examining the impact of board effectiveness and managerial competences on the accountability of SOEs in Uganda. Furthermore, there is a notable deficiency in empirical studies that establish the interconnections between board effectiveness, managerial competences and SOE accountability. Existing literature also inadequately addresses the potential intervening role of managerial competences in the relationship between board effectiveness and accountability. This critical gap in knowledge underpins the need for the present study.

Across academic disciplines, accountability is conceptualized in diverse ways (Dubnick & Frederickson, 2011). From a social psychological perspective, accountability is defined as the explicit or implicit anticipation that persons may be required to validate their thoughts or emotions to others (Lerner & Tetlock, as cited in Han & Hong, 2019).

Within the field of management studies, accountability is defined as the extent to which someone's action is monitored and assessed by others, with significant rewards or penalties depending on these assessments (Ferris et al., 1995). These conceptualizations primarily address responsibility

at the personal level. Nevertheless, in the realm of public administration, accountability is commonly understood as the process through which government agencies and their employees navigate various expectations arising from both internal and external sources (Han & Hong, 2019). Organizations should implement diverse accountability mechanisms to meet the expectations of members of organizations, citizens, senior executives and legal entities. This approach focuses on accountability at the administrative level rather than addressing individual accountability (Han & Hong, 2019).

Drawing from these perspectives, accountability encompasses systems for establishing and overseeing the reciprocal responsibilities between accountability forums and actors. For instance, this could involve the relationship between an organization and its staff members, aimed at fostering appropriate conduct and results (Dubnick & Frederickson, 2011). In the public sector, accountability can encompass various meanings or aspects (Royo et al., 2019). Nonetheless, it can be distilled into a social relationship where an accountor acknowledges a duty to give accountee an explanation and justification for their actions (Lindberg, 2013).

Therefore, accountability includes both non-financial and financial data, like related party transactions, changes in board membership, current shareholder composition, methodology for selecting an external auditor, and others (Keremidchiev & Nedelchev, 2020). For SOEs, accountability is expressed in the generation of data on the degree of attainment of social goals, as well as gaining public confidence as a result of benefits from state ownership (Keremidchiev & Nedelchev, 2020). Nevertheless, in this study, accountability was defined as the mechanism by which SOEs pledge to address the requirements of diverse participants through their policymaking procedures, operations, and provision of services.

2.2.2 Managerial Competences

Owing to the rapid changes and progress in today's world, there is growing interest in the importance of managerial skills and abilities (Alebiosu et al., 2022). Despite the recent interest and rich literature on managerial competences and the resultant outcomes in organizations, a number of gaps still exist in key areas of definition, dimensions, and indicators (Ngumo, 2021), and their link with accountability seems rather limited. Ngumo (2021) observes that the definition of managerial competence by researchers is confusing because different terminologies are used to define similar concepts at different levels of activities in the organization. It is the capability of a leader or manager to direct so as to attain the organization's aims and to communicate the expected outcome of those efforts (Mimosa et al., 2017).

On the other hand, Ncube and Chimucheka (2019) defined managerial competences as a collection of noticeable or potential actions through which managers can exhibit their knowledge, abilities, mindsets, and expertise, or the interplay between these personal qualities, enhancing value and yielding improved outcomes for themselves. Therefore, in this study, managerial competences are defined as, knowledge, experience, skills and capabilities of administrators in coordinating, monitoring, planning and controlling actions of an entity to influence performance to enhance value and accountability to stakeholders, the government, the public, and other shareholders.

2.2.3 Board Effectiveness

The board plays a crucial function in corporate governance by supervising and guiding the management team's operations (Monks & Minor, 2011; OECD, 2015). This oversight ensures that operations prioritize shareholders' interests. El-Dahdoh and Ashour (2018) defined effectiveness as the capacity to achieve a desired outcome or result. Something is considered effective when it produces an intended or anticipated effect, or creates a profound and powerful impression

(Wikipedia, 2018). According to Lartey et al. (2020), board effectiveness is achieved when the desired outcomes are realized using the given resources within a specified timeframe. The Financial Reporting Council (2018) states that effective boards establish a company's purpose, develop a strategy to achieve it, and underpin this with values and behaviors that shape the organization's culture and business conduct.

A capable board can articulate the primary trends and elements that influence a company's long-term prosperity and future sustainability. According to Tricker (2015), board effectiveness comprises dedicated, cooperative, skilled, innovative, and results-driven individual executives who exhibit a robust personal character in fulfilling their duties. In this study, it is defined as the governing body's responsibility for strategic decision-making, management, and oversight, including the supervision of financial reporting, accountability, and adherence to legal and regulatory requirements for the organization's benefit. Consequently, this study concentrates on three indicators of board effectiveness: independence, diversity and existence of an audit committee.

2.3 Relationship between Variables

2.3.1 Board Effectiveness and Accountability

Research shows that board's effectiveness, is essential to corporate governance and enhances transparency and accountability by implementing governance protocols (Rahman & Khatun, 2017). According to Rahman and Saima (2018), board effectiveness is vital for fulfilling company objectives and shareholder aspirations, especially concerning Accountability. Makhoul et al. (2017) contend that the board is central to the governance structure, playing a vital part in the development and prosperity of enterprise. According to Al Abdullah et al. (2019), a board's duties include setting long-term company objectives, providing leadership to attain goals, establishing

oversight mechanisms to ensure effective business management, and communicating performance and accountability to shareholders.

Furthermore, Brown (2014) discovered that board independence facilitates idea generation and decision making, which impacts accountability. Likewise, Lutfi et al. (2014) proposed that boards comprising independent directors are better equipped to address the agency problem between managers and owners, enabling them to oversee executive decisions and enhance accountability. Hermalin (2017) contends that a board operating independently from the CEO performs effectively and demonstrates a notably positive correlation with SOE accountability. Similarly, Triscott (2014) underscores that board members' individual sense of responsibility and self-governance influences accountability in SOEs. Previous research indicates that more autonomous boards act in shareholders' interests and possess stronger motivations to prevent and identify opportunistic management behavior (Srivastava et al., 2015), thereby bolstering accountability.

The concept of gender diversity is a crucial component of the broader board diversity framework. According to Wahid's 2019 research, businesses with boards that are gender-diverse are accountable with lower fraud and financial reporting error rates. The literature also suggests that board diversity and accountability are positively correlated (Erhardt et al., 2003; Calabrese & Manello, 2021; Mazzotta & Ferraro, 2020; Noguera, 2020). Therefore, these boards are more productive, accountable and have a deeper understanding of firms' current intricacies (Hillman et al., 2000). Gender-balanced boards ensure effective decision-making (Birindelli et al., 2020; Wahid, 2019; Handschumacher & Ceschinski, 2020).

According to recent research, firms are more likely to embrace accountability when more women participate on the board (Vitolla et al., 2020). Despite the fact that there is gender inequality on boards, scholars maintain that gender diversity is favorably and significantly connected to

corporate financial reporting quality using accountability as a measure. Lin et al. (2008) assert that an audit' committee effectiveness is defined by its capacity to fulfill key responsibilities, including the evaluation of financial information, omission of internal audit functions, coordination with external auditors' and the delivery of comprehensive governance to ensure the integrity of financial reporting, internal control systems, and risk management procedures (DeZoort et al., 2002). Lin et al. (2008), focusing on Chinese stock markets, indicated that creditors and investors favor audit committee tasks that, when implemented, enhance accountability. Haji and Anifowose (2016) found that audit committee effectiveness positively correlates with integrated reporting practices, while Abbott et al. (2007) proposed in fair value literature that a company's audit committee could reduce the likelihood of value manipulation. According to Filatotchev et al. (2018), audit committees on corporate boards play crucial roles in several key areas. These include significantly enhancing both detective and preventive control measures, verifying substantial amounts of accounting data, and ensure that accuracy of financial data for accountability.

Despite not having direct pecuniary interest in SOEs, board members play a significant role in directing resources to provide ongoing strategic counsel and advice and to make them easily accessible to management staff to improve efficiency and accountability (Goetz, 2015). The primary responsibility of boards is to manage financial resources with a focus on the supervision, monitoring, and oversight of fund utilization to guarantee that stakeholders' interests are satisfied. According to Larrey et al. (2020), the path towards enhancing organizational accountability lies in the implementation and adherence to globally recognized accounting best practices. They contend that an effective board should embrace international standards to improve accountability within organizations. Consistent with the foregoing, it can be posited that boards of SOEs may enhance

organizational performance and accountability by promoting board independence, ensuring diversity, and maintaining an effective audit committee.

2.3.2 Board Effectiveness and Managerial Competences

The Financial Reporting Council (2018) suggests that an efficient board recognizes the value of engaging with its employees to enhance its capabilities and expertise. Consequently, the initial phase in the board member recruitment process involves identifying the necessary skills and competencies, followed by establishing procedures to facilitate the identification and selection of suitable candidates (El-Dahdoh & Ashour, 2018). Nevertheless, an earlier investigation by Small (2000) indicates that directors are often invited to serve on boards based on their influence or wealth rather than predetermined qualifications. This means that a successful board must be capable of identifying which managerial competences are needed to perform well in a given task because long-tenured directors become more competent with time (Ghazalat et al., 2017). This study further states that board effectiveness can be attained through board members possessing financial acumen, extended periods of service, or multiple external board positions. According to the expertise theory, directors who have worked for an extended time within the same organization become better equipped to oversee and curb opportunistic managerial behavior, thereby safeguarding the company's interests.

In addition, Badolato et al. (2014) suggest that directors should have a variety of skills, knowledge, and experience to fulfill their obligations as best as they can. Consequently, a diversity of knowledge and experiences can be achieved through multiple directorships (Jiraporn et al., 2009). Serving on multiple boards can enhance the skills and proficiency of directors claim Field et al. (2013); Chtourou and Courteau (2001) also assert that corporate governance helps monitor managers' knowledge in managing a company. Furthermore, Crifo and Roudau (2022) proposed

that corporate boards should incorporate members with company-specific expertise (pertaining to staff and management) to contribute to the organization's internal knowledge. Similarly, study by Ssekakubo et al. (2014) confirmed a favorable link between performance and composition of SACCO boards in Uganda and the expertise, knowledge, and experience of SACCO managers.

Khurana (2011) determined that autonomous boards of directors should prioritize the selection of charismatic Chief Executive Officers (CEOs) with appropriate skills. This will be beneficial because a CEO uses his/her skills, capabilities, and proficiency to forecast the future, identify future managers' skills, and make the company readily adaptable to any change that it benefits from (Ssekakubo et al., 2014). Therefore, a successful board is more likely to ensure enhanced company performance and accountability because it is better positioned to monitor and incentivize its managers. In line with this, it can be argued that an entity whose board is independent and diverse with an effective audit committee vigilantly oversees the activities of its executives and functions in the shareholders' best interests. Therefore, such boards attract and source managers with the exact skills, experience and knowledge to manage the business (Ssekakubo et al., 2014).

2.3.3 Managerial Competences and Accountability

Bakalikwira et al. (2017) indicate that employee competence is linked to accountability in Uganda's healthcare sector. The study further demonstrates that staff skills influence relief aid organizations' transparency, policy compliance, and effectiveness. This is because employees with the necessary skills, knowledge, and abilities can provide stakeholders with timely information, adhere to operational guidelines, and consequently perform effectively (Aryatwijuka et al., 2022). This supports the view of Diane et al. (2012), who posited that managerial competence is a prerequisite for accountability. Organizations can reach their objectives when they hire skilled employees to maintain accountability to different stakeholders (Martina et al., 2012). Additionally,

studies have indicated that operational staff with the necessary knowledge, skills, and abilities are vital assets for upholding accountability (Aryatwijuka et al., 2022).

According to Pareek (2014), managerial competence encompasses a range of abilities, knowledge, conduct, and mindsets that are essential for managers to excel in diverse roles across various organizations. These competencies outline the capabilities and attitudes required of staff to tackle future role-related challenges, establish clear prospects and make available a vigorous foundation for steady and impartial performance criteria. This is achieved by creating a common language that defines what is necessary and anticipated within the organization (Veliu & Manxhari, 2017). Furthermore, Shaoul (2012) established that a range of managerial competence, including technical, conceptual, interpersonal, communication, and decision-making abilities, serves as a crucial basis for improving accountability. Additionally, Veliu and Manxhari (2017) demonstrated that implementing a competency framework is linked to enhanced organizational attributes, particularly accountability. Their study further posits that firms achieve and maintain a competitive edge through their capacity to refresh, consolidate, and broaden existing competencies. This ability enables organizations to convert resources into valuable offerings, consequently leading to sustained and increased corporate accountability.

Furthermore, to ensure continuity of operations and resilience, an entity adopts business continuity and accountability through the development of managerial competence (Denyer, 2017; Viljoen, 2015). A company's triumph or letdown can often be attributed to the presence or absence of exceptional managerial skills (Ncube & Chimucheka, 2019). Correspondingly, Alabri et al. (2022) assert that managerial competences have emerged as a crucial tool for managers to achieve higher performance levels and produce improved outcomes such as enhanced accountability. This suggests that managerial competences serve both immediate and long-term strategic purposes

within an organization (Birknerová & Uher, 2022), including the enhancement of accountability and overall performance. Competences held by officials supported by adequate levels of education can help realize accountability (Hardiningsih et al., 2020). Chiwamit, Modell and Scapens (2017) posited that managerial competences are crucial for effective management, asserting that managers who adeptly utilize these competences demonstrate enhanced performance and exert a notable influence on accountability. Thus, it makes sense to infer that managers who display these competences have optimistic effect on SOE accountability.

Numerous business collapses have been linked to boards' failure to detect problems early, stemming from a deficiency in essential skills (Tornyeva & Wereko, 2012). Lartey et al. (2020) propose that a board comprising of members with appropriate knowledge, skills, and technical expertise is more likely to align with good governance principles, thereby meeting stakeholder expectations. Dong et al. (2017) similarly assert that boards require qualified individuals with extensive knowledge of operational processes in line with established strategies to ensure the organization's longevity and achievement of strategic goals, including accountability.

A well-balanced combination of technical proficiency, knowledge, experience and integrity can create an effective board that promotes upright governance. This, in turn, is reflected in the management team's performance and the organization's accountability as highlighted by Lartey et al. (2020). According to Eghbalia et al. (2022), enhanced managerial competences could result in more effective oversight of an organization's routine activities, particularly during crucial periods when management decisions might significantly influence accountability. Similarly, Shelodah (2014) posits that managerial competences provide a solid foundation for further responsibility because they facilitate the disclosure of accountability information to support decision-making. However, opposite results were revealed in a study undertaken by Zirman and Rozi (2010), whose

findings indicate that competence has no impact on performance and accountability of state enterprises. It is therefore prudent to state that the results above are inconclusive; thus, there is a need for further studies in this area that the researcher carried out.

2.3.4 Mediating role of Managerial Competences on Board Effectiveness and Accountability

Scholars and practitioners suggest that SOEs should operate with specified control mechanisms that promote accountability (Turyakira et al., 2022), such as board effectiveness (Arora, 2015) and managerial competences (Hardiningsih et al., 2020). The correct operation of SOEs depends on the presence of an efficient board (Makhlouf et al., 2017) and for enhancing accountability (Ruggiero et al., 2022). In addition to board effectiveness, managerial competences significantly influences accountability in government enterprises (Hardiningsih et al., 2020). However, existing research on the intermediary purpose of managerial competences in the relationship between board effectiveness and SOE accountability is limited. Apreku-Djan et al. (2022) note the absence of studies that examine how managerial competence mediates value-based financial performance. Moreover, Widyatama et al. (2017) discovered that local governments' managerial competences does not influence the accountability and performance of governmental bodies. Consequently, several related investigations suggest that managerial competences have little to no impact on accountability through board effectiveness (Alebiosu et al., 2022). Similarly, Srivastava et al., (2015) contend that a board lacking members capable of offering guidance and oversight to management will ultimately prove ineffective, thereby affecting firm performance and accountability.

An extended board tenure is believed to provide members with a deeper understanding of the organization (Mannion and Davies, 2015) due to the expertise and proficiency accumulated over time. Therefore, boards have developed better governance systems (Park & Shin, 2004) that

explain improvements in directors' monitoring roles and accountability (Ghazalat et al., 2017). The effective monitoring of company managers' actions requires independent and competent boards, as noted by Ssekakubo et al. (2014). Current research indicates that board performance is contingent upon several crucial factors, including independence, diversity, and existence of an audit committee, competence, and technical expertise necessary to carry out high-quality supervisory duties (Lartey et al., 2020) and ensure compliance in reporting. Khurana (2011) determined that independent boards should prioritize the selection of charismatic Chief Executive Officers (CEOs) who possess the required skills. This approach is beneficial because CEOs use their skills, abilities, and expertise to anticipate future trends, identify the skills needed by future managers, and ensure that the company can readily adapt to changes that prove advantageous (Ssekakubo et al., 2014).

Therefore, an effective board is more likely to ensure enhanced performance and accountability because it is better positioned to monitor and incentivize managers. In line with the above, a competent management team with the right mix of skills, experience and knowledge is better equipped to implement the board's decisions and policies (Shaoul, 2012). Therefore, such a management team can convert the board's planned direction into doable plans, handle resources efficiently, and safeguard that organizations comply with relevant laws and regulations. Management competence is instrumental in executing board mandates efficiently (Eghbalia et al., 2022).

Therefore, it can be deduced that SOEs with managers who have strong competences effectively execute the board's directives, thus improving performance and accountability. In addition, managerial competence act as a bridge or intermediary factor linking the board's effectiveness to the entity's accountability. Similarly, without competent managers effectively implementing the

board's verdicts and policies, the impact of a highly effective board may be limited. This mediation model emphasizes the importance of both an effective board and a competent management team in ensuring accountability within SOEs. Therefore, this model highlights that board effectiveness alone is insufficient without capable managers to translate the board's vision and strategy into tangible and transparent results and practices.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The technique utilized is presented and explained in this section, including the design of research, data sources, collection techniques, intended population, sampling approach and quantity, data-gathering protocol, variable assessment, operationalization, analysis and interpretation of data, ethical considerations, and anticipated limitations. It offers a thorough rundown of the study's framework and procedures.

3.1 Research Design

Using a cross-sectional survey design and a quantitative methodology, this study enabled the concurrent examination of multiple variables. A survey design that is cross-sectional helped the researcher collect data and perform the analysis. In addition, the study used a quantitative approach to collect and statistically analyze numerical data. This approach permitted for the explanation, prediction, and control of the phenomena under investigation.

3.2 Population of the Study

The Report from the Office of the Auditor General (2023) indicates that Uganda has 35 State-Owned Enterprises (SOEs). Consequently, the study population encompassed these 35 SOEs. This population was considered because the number was relatively small and accountability is performed at entity level.

3.3 Sources of Data

The board chairpersons of the respective SOEs in Uganda provided the primary data for this study. Primary data offers current information directly from the source (Putri, Sembring & Sudiarta,

2022) and is preferred for its provision of the most recent insights regarding each subject. Access to the chairpersons of boards of directors was facilitated through formal institutional channels.

3.4 Data Collection Methods

The research employed a structured questionnaire comprising only closed-ended items on a 5-point Likert scale. This instrument was employed because of its ability to gather substantial information and can be simply administered. The survey questionnaire method was employed because it facilitates the collection of substantial information from numerous participants within a brief timeframe. This approach allows respondents to provide clear answers, minimize ambiguity, and enhance the reliability and likelihood of obtaining accurate data (Fowler, 2014).

3.5 Sample Size Determination and Selection Procedure

Krejcie and Morgan's (1970) sample size determination was used resulting in 32 SOEs included as the sample population. The researcher considered only the board chairperson or their designate because their views were considered to represent those of other board members. Simple random sampling technique was utilized to lessen the likelihood of human bias in the study's participant and respondent identification while guaranteeing an impartial sample for the research. This method was chosen because it gives the researcher freedom to select any respondent, giving each individual an equal opportunity to be chosen.

3.6 Procedure for Data Collection

Following revisions to the proposal, the investigator obtained an introductory letter from the FGSR offices of the university. This letter was subsequently presented to the line ministries, which granted authorization to access the selected SOEs. Subsequently, the introductory letter together with formal requests were submitted to the CEOs/Managing Directors of participating SOEs, who facilitated contact with the Board Chairpersons or their designated representatives. In each SOE,

a designated contact person assisted the investigator in scheduling appointments, distributing questionnaires, and collecting completed instruments. Additionally, a research assistant supported follow-ups, guided respondents on completing the self-administered, closed-ended survey, and ensured timely retrieval of the questionnaires.

3.7 Measurement of Variables

This study used measurement items that were modified from those created and implemented in earlier research. The measurement scales used in previous studies were modified to conform to the research goals of this study.

Accountability was assessed using items that were adapted from earlier research (Harun, 2021; Iqbal & Ahmad, 2022; Onyango, 2016; Virtanen & Takala, 2016; Hochwarter et al., 2005; Day & Klein, 1987). The questionnaire survey instrument comprised statements such as “*Our top management team discloses all related financial information on the organization’s website frequently*” (Disclosure); “*Top management ensures that financial and external reporting give a true and fair representation of the company*” (Transparency).

Managerial Competences were measured using scales adapted from previous studies (Hellriegel et al., 2019; Mkhize, 2017; Diboye-Suku & Onuoha, 2004). The questionnaire survey instrument comprised of statements such as “*Our top management team has clear knowledge of the needs of our customers, shareholders and also set appropriate channels of communication for achieving them*” (Managerial Knowledge); “*Our top management team has developed distinct operational status in dealing with different business activities of our entity*” (Managerial Experience) and “*Our managers possess skills that enable them perform at a high capacity*” (Managerial Skills).

Board Effectiveness was assessed using items modified from research conducted by Clarke et al. (2018), El-Dahdoh and Ashour (2018), Deshani and Ajward (2021) and Mansour et al. (2022).

The tool contained statements such as “*We have formal authority or power regarding establishing long- term goals and strategies*” (Board Independence); “*There is adequate female representation on the board*” (Board Diversity) and lastly “*The audit committee undertakes board evaluation and review of its performance*” (Audit Committee Existence).

3.8 Unit of Analysis and Inquiry

3.8.1 Unit of Analysis

This study looked at state-owned firms as the primary unit of analysis.

3.8.2 Unit of Inquiry

Unit of enquiry was the chairperson of the board or their designate from each SOE participating in this study. The chairperson of the board or their designate was considered because their views represent the views of other board members and are believed to be the overall decision maker of the board, and as such, is assumed to have information on accountability in SOEs. The term “designate of the Chairperson” referred to an individual formally delegated by the Chairperson to participate in the study on their behalf. In most cases, these designates were board members, typically the Vice Chairperson or the Chairperson of the Audit/Finance Committee, given their knowledge of board-level accountability and governance issues. Where the Chairperson was unavailable, the request letter was formally acknowledged, and the board secretariat or corporate affairs office facilitated the designation. This process ensured that all participants were formally authorized, knowledgeable, and legitimate representatives of the Board, thereby safeguarding the integrity and reliability of the data collected.

3.9 Validity and Reliability

3.9.1 Validity

To confirm validity of the study results, questionnaire was examined by experienced individuals in academia, professionals, and supervisors. These individuals were asked to analyze each item's relevance. The language and clarity of the questions were also assessed. Following this review, the researcher modified the data collection instrument based on the guidance received from supervisors. Therefore, the accuracy of the instrument was evaluated using the Content Validity Index (CVI) test.

$$CVI = \frac{\text{The quantity of pertinent items}}{\text{Total number of items in the questionnaire}}$$

Table 1: Content Validity Index Results

Variable Name	Number of Questions	Number of Valid Questions	Content Validity Index (CVI)
Board Effectiveness	17	13	0.764
Managerial Competence	18	15	0.833
Accountability	19	16	0.842
Average CVI	54	44	0.814

Source: Primary Data

The questionnaire's Content Validity Index was calculated to be 0.814, which exceeds the recommended minimum of 0.7 as outlined in survey research (Polit & Beck, 2006; Lynn, 1996).

3.9.2 Reliability

The extent to which a research instrument yields reliable and stable outcomes is known as its reliability (Phelan & Wren, 2005). The questionnaire instrument was subjected to a Cronbach alpha test using SPSS Version 23 and a more than 0.70 Cronbach alpha made it trustworthy. Nunnally and Bernstein, (1994) state that a “coefficient” above 0.70 is preferred.

Table 2: Reliability Results

Variable	Items	Cronbach Alpha Value
Board Effectiveness	13	.900
Managerial Competence	15	.786
Accountability	16	.913

Source: Primary Data

3.10 Data Analysis, Presentation and Interpretation

Gathered information was edited, categorized, analyzed and interpreted using the Social Scientists’ Statistical Package (Version 21). Furthermore, regression and correlation analyses conducted to examine the research questions. Percentages were used to analyze demographic characteristics. Standard deviations, means and percentages were used to present descriptive statistic. The relationships between variables were depicted using correlation analysis, which was utilized to demonstrate and investigate the strength of connections among variables. Using regression analysis, the behavior of the IV was used to predict the behavior of the DV.

The mediation effect of managerial competences on the relationship between board effectiveness and accountability was analyzed using the Med Graph procedure (Jose, 2008), which allows visualization of both direct and indirect effects derived from regression coefficients. The coefficients used in Med Graph were obtained from the regression analyses conducted in this study, ensuring that the mediation effects were fully supported by empirical data. This approach

aligns with contemporary practices in social science research and provides a clear, interpretable representation of mediation without requiring the separate steps proposed by Baron and Kenny (1986). Full mediation occurs when the independent variable no longer influences the dependent variable after controlling for the mediator, provided that all conditions are satisfied. Partial mediation occurs when the effect of the independent variable on the dependent variable diminishes after accounting for the mediator.

3.11 Ethical Considerations

3.11.1 Confidentiality

To safeguard privacy, subjects that participated in this study were given the guarantee that the information gathered would only be utilized for academic research and that any sensitive information would be handled with strict confidentiality. The study ensured proper confidentiality of data and anonymity for individuals and SOEs involved. Care was taken to avoid any deception or exaggeration concerning the aims and objectives of the study. All identifiers were removed from the questionnaire, and participants were guaranteed that their names would not appear in the exploration report.

3.11.2 Informed Consent

The study certified that all members understood the voluntary nature of their involvement. Partakers were advised of their legal right to decline answering any questions and could opt out at any point. Each participant gave their written informed consent before contributing to the research.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This part offers, analyzes, and interprets the study's findings in light of the objectives of the investigation.

- i. Examine the relationship between board effectiveness and accountability in SOEs in Uganda.
- ii. Establish the connection between board effectiveness and managerial competences in SOEs in Uganda.
- iii. Assess the connection between managerial competences and accountability in SOEs in Uganda.
- iv. Ascertain the mediation function of managerial competences in the connection between board effectiveness and accountability in SOEs in Uganda.

4.1 Response Rate

All the 32 surveys dispersed to SOE board chairpersons or their appointed representatives were completed and returned, yielding a 100% response rate. Fowler (2014) suggested that a response rate exceeding 80% is sufficient for conducting analyses and generating reports.

4.2. Demographic Characteristics

Table 3 presents the gender, age, education, and length of period in which one has been a board member in the enterprise as listed.

Table 3: Characteristics of Respondents

Characteristic	Parameter	Frequency (n=32)	Percent
Gender	Male	19	59.4
	Female	13	40.6
	Total	32	100
Age	30-40 Years	3	9.4
	41–50 Years	8	25
	51–60 Years	16	50
	Above 60 Years	5	15.6
	Total	32	100
Level of education	Diploma Level	0	0
	Bachelors Level	15	46.9
	Masters Level	14	43.8
	Doctorate Level	3	9.4
	Total	32	100
Length of service	5 years and below	9	28.1
	Exceeding 5 years to 10 years	15	46.9
	More than 10 years to 15 years	5	15.6
	Above 15 years to 20 years	1	3.1
	Above 20 years	2	6.3
	Total	32	100

Source: Primary Data

4.2.1 Gender

The data showed majority of respondents were male (59.4%), while females constituted 40.6%, a distribution consistent with national statistics. Although males outnumbered females, the findings revealed a significant female presence on SOE boards. The presence of women on Ugandan SOE boards indicates a trend towards greater female representation. Gender balance is important in governance, and this distribution highlights the need to further strengthen gender diversity on SOE boards.

4.2.2 Age

The results indicate that most respondents were middle-aged or senior, with half aged 51–60 years, a quarter aged 41–50 years, and a smaller proportion over 60. This age profile suggests that SOE

boards are largely composed of mature and experienced individuals, which may enhance board effectiveness through accumulated expertise and leadership. However, the relatively low representation of younger members points to limited generational diversity, which could constrain innovation and adaptability.

4.2.3 Level of Education

Most respondents held a Bachelor's degree (46.9%) or a Master's degree (43.8%), while 9.4% had doctoral qualifications, and none had only a diploma. This indicates that Ugandan SOE boards are composed of highly educated leaders, which is essential for informed decision-making, effective oversight, and strategic governance. The predominance of postgraduate qualifications demonstrates a capacity to critically analyze complex organizational challenges, interpret regulatory frameworks, and provide strategic direction. Moreover, the absence of diploma-level qualifications underscores a deliberate effort to appoint board members with advanced academic and professional backgrounds. Such educational attainment positions boards to effectively engage with issues of managerial competences and accountability, while also aligning with global governance standards that emphasize expertise and professional rigor in board composition.

4.2.4 Length of Service

The distribution of board tenure in this study shows that most respondents had served for a moderate period, typically between five and ten years, with a smaller share having shorter or much longer service. This balance suggests healthy board dynamics, where members bring both fresh perspectives and accumulated experience, enhancing their ability to provide informed oversight on SOE accountability. Nonetheless, the limited presence of very long-serving members indicates that while boards may benefit from renewal, they may also face challenges in sustaining continuity and preserving deep institutional memory.

4.3 SOE Characteristics

Table 4 presents the characteristics of SOEs, including period of existence, number of employees, services or businesses offered, and number of board members.

Table 4: SOE Characteristics

Demographic Characteristic	Parameter	Frequency (n=32)	Percent
How long has this enterprise been in existence	Not more than 5 years	0	0
	More than 5 years	3	9.4
	More than 10 years	4	12.5
	More than 15 years	10	31.3
	Above 20 years	15	46.9
	Total	32	100
Number of employees in this SOE	Not more than 100 employees	2	6.3
	101-200 employees	3	9.4
	201-300 employees	4	12.5
	301-400 employees	9	28.1
	Above 400 employees	14	43.8
	Total	32	100
Service or Business Offered	Electricity services	5	15.6
	Financial services	6	18.8
	Petroleum refining and gas services	2	6.3
	Advisory, investment, transportation and postal services	7	21.9
	Water and telecom services	3	9.4
	Construction, leisure, sports and education services	9	28.1
	Total	32	100
Number of board members	5-7 Board Members	17	53.1
	8-11 Board Members	10	31.3
	12-15 Board Members	5	15.6
	Above 15 Board Members	0	0
	Total	32	100

Primary Data Source

4.3.1 Period of Existence

The study findings show that most of the SOEs studied are long-established, with the majority having operated for more than 15 years. Such longevity reflects institutional stability and

accumulated experience, providing a solid foundation for effective governance and accountability practices. Overall, the results portray a mature sector with a firmly established operational history, aligning with national statistics.

4.3.2 Employee Number

In terms of size, many Ugandan SOEs employ more than 300 staff, reflecting their significant role in service delivery and national development. These findings align with national statistics and suggest that most Ugandan SOEs are large organizations with more than 200 employees, indicating their substantial operational capacity. Larger workforces imply complex managerial structures that demand strong oversight from boards to ensure efficiency, accountability, and alignment with public expectations.

4.3.3 Services or Business Offered

The results indicate that Ugandan SOEs span diverse sectors, including electricity, financial services, advisory, investment, petroleum refining and gas services, transportation, postal services, construction, leisure, sports and education highlighting the broad mandate of state ownership in Uganda's economy. These findings indicate that SOEs in Uganda are most concentrated on the provision of essential services. Such diversity requires board members with wide-ranging managerial competencies and sector-specific knowledge to provide strategic direction and effective oversight

4.3.4 Number of Board Members

Regarding governance structures, most boards consist of between five and eleven members, consistent with corporate governance recommendations that emphasize manageable board sizes to foster participation and collective decision-making. The absence of excessively large boards

suggests an effort to maintain efficiency, though the concentration within a narrow range may also limit diversity of expertise.

4.4 Inferential Statistics

The term Inferential Statistics was used to clearly distinguish the type of statistical analysis applied in the study. Descriptive statistics (means, frequencies, and percentages) were used to present respondents characteristics and variables while inferential statistics were applied to test hypotheses and generalize findings to the population based on the sample data. Specifically, inferential techniques such as correlation analysis, regression analysis, and mediation analysis were employed to establish relationships among the study variables. This distinction was necessary to demonstrate the methodological rigor of the study and to justify how conclusions were drawn on simple data description. The study employed correlation analysis to determine whether a connection existed between board effectiveness and accountability; board effectiveness and managerial competences; managerial competences and accountability; Regression analysis was conducted to determine how board effectiveness and managerial competences predict accountability in Uganda's SOEs. The mediating function of managerial competences in the connection between board effectiveness and accountability was determined through mediation analysis.

4.4.1 Correlation Analysis

Table 4.3 demonstrates the application of Pearson (r) correlation coefficient to determine the connections and correlations between the research variables.

Table 5: Pearson's Correlation between Study Variables under investigation

Correlations									
	1	2	3	4	5	6	7	8	9
Board Effectiveness (1)	1								
Board Independence (2)	.942**	1							
Board Gender Diversity (3)	.936**	.828**	1						
Board Audit Commit (4)	.881**	.757**	.729**	1					
Managerial Competence (5)	.454**	.361*	.364*	.570**	1				
Managerial Knowledge (6)	.302	.213	.272	.374*	.893**	1			
Managerial Experience (7)	.359*	.305	.246	.481**	.835**	.640**	1		
Managerial Skill (8)	.487**	.393*	.408*	.581**	.775**	.606**	.394*	1	
Accountability (9)	.976**	.927**	.880**	.897**	.532**	.384*	.417*	.542**	1

****.** Correlation is significant at the 2-tailed 0.01 level.

***.** Correlation is significant at the 2-tailed 0.05 level.

4.4.1.1 Board Effectiveness and Accountability

Assessing the association between board effectiveness and accountability in Uganda's SOEs was the first objective. The results revealed a Correlation value of ($r=.976$, $p<.01$), indicating a strong positive significant relationship between board effectiveness and accountability in Uganda's SOEs. Meaning that an increase in board effectiveness is related with an improvement in SOE accountability. The findings further revealed that the different constructs for board effectiveness, board independence ($r=.927$, $p<.01$), board diversity ($r=.880$, $p<.01$), and audit committee existence ($r=.897$, $p<.01$) were equally significant and positively associated with accountability. This implies that any improvement in the constructs of board effectiveness would most likely improve SOE accountability.

4.4.1.2 Board Effectiveness and Managerial Competences

The second objective was to assess the connection between board effectiveness and managerial competence of managers in Ugandan SOEs. Results in Table 4.3, indicated a positive significant link between board effectiveness and managerial competences in Uganda's SOEs with a

correlation coefficient of value ($r=0.454$). Thus, an increase in board effectiveness is linked with an improvement in managerial competences. Additionally, the constructs for board effectiveness, board independence ($r=.361$), board diversity ($r=.364$), and audit committee existence ($r=.570$) were positively and significantly associated with managerial competences. This implies that improvements in the constructs of board effectiveness were associated with enhanced managerial competences in Ugandan SOEs.

4.3.1.3 Managerial Competences and Accountability

Evaluating the connection between managerial competences and accountability within Ugandan SOEs was the third study objective. With a correlation coefficient of ($r=.532$, $p<.01$), Table 4.3 demonstrated a moderate positive significant correlation between managerial competences and accountability in these enterprises. This implies that increased managerial competences is linked to improved accountability. Additionally, the constructs of managerial competences, knowledge ($r=.384$), experience ($r=.417$), and skills ($r=.542$) were all significant and positively associated with accountability. This suggests that an improvement in the constructs of managerial competences contributes to the enhanced SOE accountability.

4.4.2 Regression Analysis Model

Regression analysis was employed to assess the extent to which board effectiveness and managerial competences predicted accountability in Ugandan SOEs. Multiple regression was specifically applied, because it could consider the combined influence of several independent variables while controlling for the effects of other factors.

Table 6: Analysis of Regression for Research Variables

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics
	<i>B</i>	<i>Std. Error</i>	<i>Beta</i>	<i>t</i>	<i>Sig.</i>	<i>Tolerance VIF</i>
(Constant)	-.152	.192		.791		
Board Effectiveness	.894	.039	.926	23.172	.000	.794 1.260
Managerial Competence	.146	.052	.111	2.775	.010	.794 1.260
R	.981 ^a					
R Square	.963					
Adjusted R Square	.961					
R Square Change	.963					
Std. Error of the Estimate	.11418					
F	379.989					
Sig.	.000 ^b					

a. Dependent Variable: Accountability

b. Predictors: (Constant), Board Effectiveness, Managerial Competence

According to the regression results, the model was highly significant, with a p-value less than 0.05 and F-statistic of 379.989. These results confirm that accountability of Ugandan SOEs is significantly impacted by the predictor variables, board effectiveness and managerial competences collectively. Together, these variables explain 96.1% of the variance in SOE accountability (Adjusted R Square = 0.961), leaving 3.9% of the variance attributable to other factors not examined in this model.

The regression coefficients further reveal that both predictors that is board effectiveness ($\beta = 0.926$, $t = 23.172$, $\text{Sig} = 0.000$, $p < .05$) and managerial competences ($\beta = .111$, $t = 2.775$, $\text{Sig} = .010$, $p < .05$).

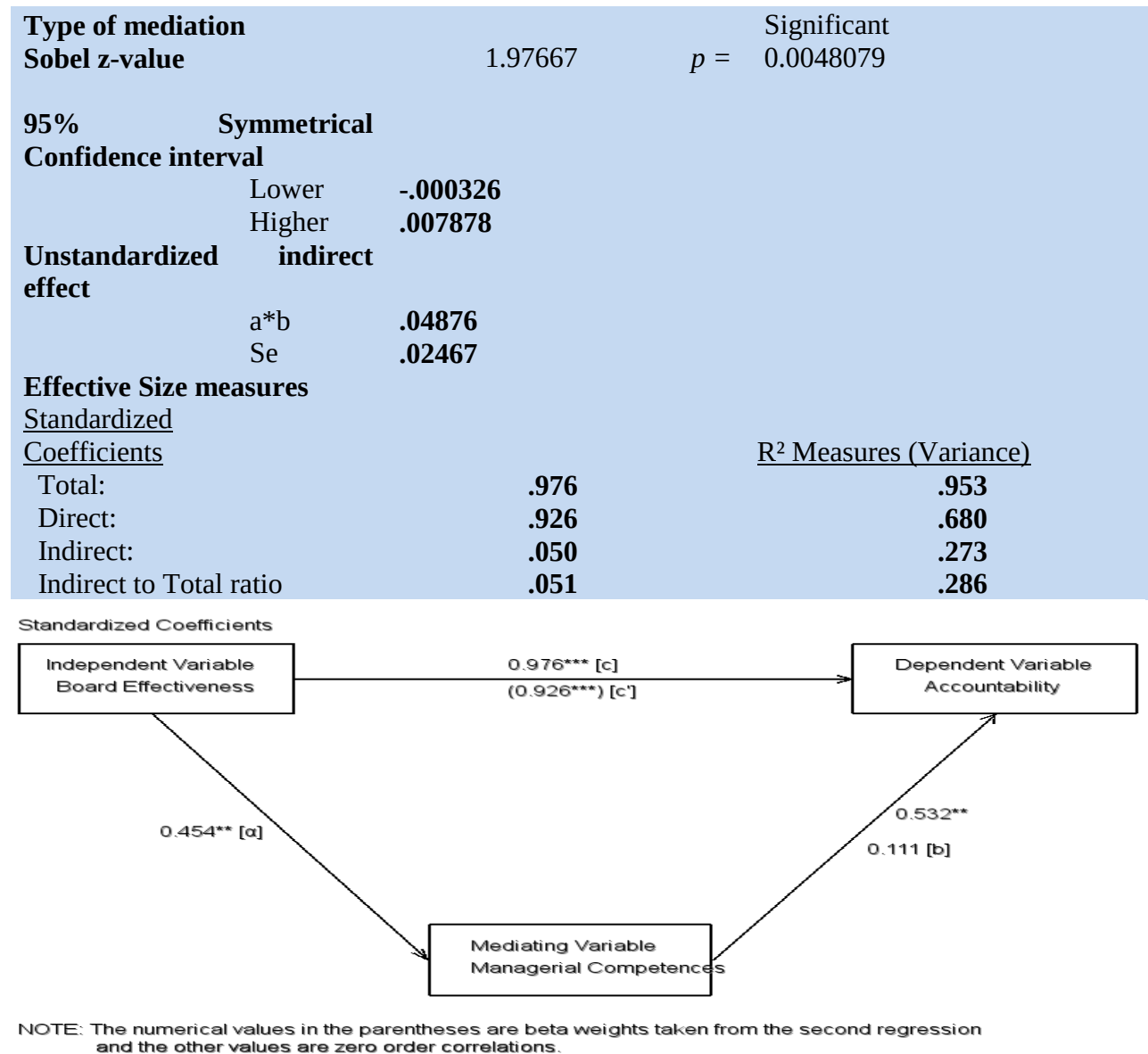
0.05) significantly predict accountability in SOEs. However, board effectiveness stood out as the strongest predictor, with a beta coefficient of 0.926., highlighting their predominant role in driving accountability outcomes in Ugandan SOEs.

The researcher also conducted a multicollinearity test to ensure that the predictor variables were not excessively correlated which could bias parameter estimates. For this, the Variance inflation factor (VIF) and Tolerance Values were used. According to standard guidelines, a VIF of five and above suggests a high collinearity, while a VIF of less than five indicates that multicollinearity is not a concern. Conversely, a tolerance value closer to zero indicates high collinearity, whereas a value closer to one suggests no collinearity between the predictor variables. Multicollinearity analysis revealed tolerance values of 0.794 for both board effectiveness and managerial competences and VIF values of 1.260 for both board effectiveness and managerial competences. Based on the tolerance and VIF analyses, it was concluded that no multicollinearity exists between board effectiveness and managerial competences. The absence of multicollinearity ensures an accurate estimation of the regression coefficients.

4.4.3 Mediation testing using Med Graph

Med Graph by Jose (2013) software was used to test mediation and ascertain the direct, indirect and total effects.

Figure 2: Sobel Mediation Test Results on the mediating role of Managerial Competences



The Mediation Graph in figure 1 shows that, in Ugandan SOEs managerial competences partially significantly mediate the connection between board effectiveness and accountability (Sobel z-value= 1.97667, P= 0.0048079). Partial mediation occurs when the mediator explains part, but not all, of the relationship between the independent variable (IV) and the dependent variable (DV). In this case, the IV continues to exert a direct effect on the DV even after controlling the mediator. This suggests that while managerial competences plays an important role in linking board

effectiveness (IV) to accountability (DV), it is not the sole path or mechanism. Other pathways or mechanisms beyond the mediator, through which the independent variable affects the dependent variable also contribute to the relationship.

Both direct and indirect paths in the mediation model were statistically significant. Specifically, the direct path from board effectiveness explained 92.6% of the variance in accountability ($R^2=0.926$), while the indirect path through managerial competences accounted for an additional 5% ($R^2=0.050$). Together, board effectiveness and managerial competences explain 97.6% of the total variance in accountability in SOEs ($R^2=0.976$).

Additionally, there was a significant direct correlation between board effectiveness and accountability (Beta =.0.976; $p<.0.05$), as was the effect of board effectiveness on managerial competences (Beta =.0.454; $p<.0.05$) and managerial competences on accountability (Beta =.0.532; $p<.0.05$). When controlling for managerial competences, the direct effect of board effectiveness on accountability decreased slightly from Beta =.0.976 to Beta =.0.926, but remained statistically significant. This suggests that the connection between board effectiveness and accountability in Ugandan SOEs is partially mediated by managerial competences.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

Based on the objectives of the study, this chapter presents discussions, recommendations and conclusions, which explored the connection between board effectiveness and accountability, board effectiveness and managerial competences, managerial competences and accountability, as well as the function of managerial competences as a mediator in the relationship between board effectiveness and accountability in Ugandan SOEs.

5.1 Discussion of Findings

The results identified for each objective were evaluated against previous studies to determine if they aligned with or contradicted existing findings.

5.1.1 Board Effectiveness and Accountability

According to this study, board effectiveness and accountability in Ugandan SOEs are positively and significantly correlated. This finding suggests that SOEs with more effective boards tend to be more accountability. This is in line with an earlier study by Saima and Rahman (2018), who emphasized the crucial role of board effectiveness in achieving company objectives and accountability. Hermalin (2017) also found that independent boards function more effectively and are positively correlated with accountability. This study offers empirical support for the claims made by Srivastava et al. (2015) that independent boards behave in the interest of shareholders and are more vigilant in preventing and detecting opportunistic behaviors by management. The findings of this study emphasize the importance of having effective boards for improving accountability, particularly those that are independent, diverse, and have a strong audit committee which aligns with research by Pastra (2017); Deshani and Ajward (2021) and Lartey et al. (2020)

who highlight the link between board effectiveness and strong governance practices that lead to accountability.

The study found that board effectiveness and accountability in SOEs are positively related. This finding is consistent with the predictions of agency theory which posits that boards act as an oversight mechanism aligning management's interests (agents) with those of shareholders or stakeholders (principals) (Jensen & Meckling, 1976). According to agency theory, effective boards monitor managerial behavior, enforce compliance with organizational policies, and reduce opportunistic actions by executives. In the context of this study, the positive relationship between board effectiveness and accountability suggests that when boards fulfill their governance and oversight roles effectively, they enhance transparency, regulatory compliance, and accurate reporting within SOEs, thereby mitigating agency problems. This aligns with prior studies indicating that board monitoring and strategic guidance are critical for fostering accountability in public enterprises (Eghbalia et al., 2022; Han & Hong, 2019).

From the perspective of the RBV theory, the board of directors represents a valuable organizational resource capable of generating sustained competitive advantage (Barney, 1991). RBV emphasizes that the strategic capabilities, knowledge, and competencies embedded in key organizational resources such as a highly skilled and effective board enable the organization to deploy its human, financial, and informational assets more efficiently. In this study, the significant relationship between board effectiveness and accountability suggests that the board's unique competencies and strategic oversight serve as a key resource, translating into improved accountability practices. This supports the RBV assertion that rare, valuable, and inimitable resources contribute to superior organizational outcomes (Ndemezo & Kayitana, 2020).

Therefore, the findings contribute theoretically by confirming that agency theory explains the governance mechanism through which boards enhance accountability, while RBV elucidates the strategic value of the board as a resource that operationalizes governance into tangible accountability outcomes. Together, these theoretical perspectives provide a robust lens for understanding why effective boards are critical in achieving accountability in Ugandan SOEs, particularly in contexts where managerial competences and institutional frameworks may be weak.

5.1.2 Board Effectiveness and Managerial Competences

The findings of this study disclose a positive significant correlation between board effectiveness and managerial competences in Ugandan SOEs. Therefore, improvements in board effectiveness are crucial and associated with the enhancement of managerial competences in SOEs. These findings are in agreement with Ssekakubo et al., (2014), who found board performance and composition in Ugandan SACCO were positively associated with managers 'skills, knowledge, and experience. Similarly, Ghazalat et al. (2017) suggested that long-tenured directors become more competent over time and that board effectiveness could be enhanced through various factors related to the competence of its members.

The positive correlation between board effectiveness and managerial competences observed in this study corroborates the assertions made by Badolato et al. (2014), who posited that directors should possess a multifaceted set of skills, knowledge, and experience to fulfil their responsibilities effectively. Additionally, the study aligns with Khurana (2011), who emphasized the importance of the board in identifying skilled managers. This study provides empirical and statistical evidence in support of Ssekakubo et al. (2014), who posit that a SACCO with a board dedicated to its vision and mission diligently oversees management's activities and acts in the interests of shareholders, while also procuring managers with requisite knowledge and skills. These results highlight the

significance of ensuring boards are not just effective but also composed of individuals with the competence to drive organizational success. Additionally, the findings contribute to the literature on the critical managerial competence necessary to enhance accountability in Ugandan SOEs. The findings offer new insights into the key factors influencing accountability in SOEs, emphasizing the importance of managerial skills, knowledge, and experience relevant within a developing country context.

The findings of this study are consistent with the predictions of agency theory which emphasizes that boards act as oversight mechanisms to align the interests of management (agents) with those of shareholders or stakeholders (principals) (Jensen & Meckling, 1976). In this study, the positive relationship between board effectiveness and managerial competences indicates that boards that are well-structured, actively engaged, and strategically oriented tend to foster greater managerial skills and competencies, enabling managers to implement organizational strategies effectively (Eghbalia et al., 2022). From the perspective of RBV theory, managerial competences is viewed as a critical organizational resource that is valuable, rare, inimitable, and non-substitutable (Barney, 1991). In the context of this study, the significant relationship between board effectiveness and managerial competences indicates that effective boards act as strategic enablers, leveraging managerial competences as a resource to achieve accountability and organizational objectives. This aligns with RBV's assertion that the strategic deployment of human and managerial resources contributes to superior performance outcomes (Ndemezo & Kayitana, 2020). Therefore, these findings contribute theoretically by demonstrating that agency theory explains the governance mechanism through which boards enhance managerial competence, while RBV provides a framework for understanding the strategic value of managerial competences as an organizational resource. Integrating these two theories offers a dual lens signifying; boards are not

only oversight bodies reducing agency problems but also strategic enablers that develop and deploy managerial capabilities to drive effective governance in Ugandan SOEs.

5.1.3 Managerial Competences and Accountability

The study results reveal that managerial competences have a moderate significant favorable link with the accountability of Ugandan SOEs. Specifically, improvements in managerial competences are associated with enhanced accountability in these enterprises. This conclusion supports Diane et al. (2012), who asserted that managerial competences is essential for accountability. Similarly, this supports the assertion made by Aryatwijuka et al. (2022) that knowledgeable and skilled operational actors are crucial for ensuring accountability. These findings are also consistent with the resource-based perspective hypotheses, which posits knowledge, abilities, and skills of operational actors are vital resources for achieving accountability (Prakash et al., 2020).

Additionally, the results are consistent with those of Hardiningsih et al. (2020), who found that officials' competences supported by adequate education are essential in achieving accountability. Lartey et al. (2020) similarly argue that a combination of knowledge, integrity, experience and technical expertise builds effective boards, fosters good governance and accountability. Additionally, the findings align with those of Velu and Manxhari (2017), who confirmed that a competency framework is linked to improved organizational attributes, such as accountability. The findings resonate with Bakalikwira et al. (2017), who demonstrated that employee competencies are associated with accountability. This finding also supports Alabri et al. (2022), who view managerial competences as vital for achieving higher performance and better outcomes, including enhanced accountability. Similarly, Shelodah (2014) posits that managerial competences is fundamental to accountability through the effective disclosure of accounting information. These

findings, however, contrast with those of Zirman and Rozi (2010), who found no discernible impact of managerial competences on government agencies performance and accountability.

The findings of this study suggest that higher managerial competences contribute to improved organizational accountability which is consistent with agency theory which emphasizes that managers (agents) may act opportunistically if left unsupervised, potentially compromising the interests of principals (shareholders or stakeholders) (Jensen & Meckling, 1976). Competent managers, equipped with the necessary skills and knowledge, are better able to interpret and implement board directives, adhere to policies, and make decisions that align with organizational goals. In this context, managerial competences reduces agency problems by ensuring that decisions and actions are transparent, compliant, and accountable, thereby strengthening the oversight function of the boards and improving organizational performance (Eghbalia et al., 2022).

From the perspective of the RBV, managerial competences is considered a strategic organizational resource that is valuable, rare, inimitable, and non-substitutable (Barney, 1991). Managers with high competence can effectively deploy organizational resources, enforce accountability systems, and ensure compliance with regulations and reporting standards. In this study, the positive relationship between managerial competences and accountability suggests that the competencies of managers serve as a critical resource enabling SOEs to meet accountability. This aligns with RBV's assertion that organizations leverage unique internal capabilities such as skilled management to generate superior outcomes (Ndemezo & Kayitana, 2020).

5.1.4 Mediating role of Managerial Competences

The results of this research reveal that managerial competences mediates, in part, the connection between board effectiveness and accountability in Ugandan SOEs. This suggests that managerial competences acts as a mechanism through which board effectiveness enhances accountability. Specifically (BoDs) possessing relevant skills, knowledge, and attitudes are more probable to produce effective and sovereign choices, adhere to procedures, and maintain transparency, thereby improving accountability. The results indicate that board effectiveness significantly influences accountability both directly and indirectly, highlighting the partial mediating role of managerial competences. Nonetheless, there is scanty literature discovering the mediating role of managerial competences in this context, as existing investigations have largely absorbed the individual impacts of board effectiveness and managerial competences on accountability.

According to Lartey et al. (2020), boards that consist of individuals with the necessary experience and technical expertise are more capable of following good governance practices and fulfilling stakeholder expectations. The study results, which indicate that a board characterized by a strong combination of knowledge, integrity, experience, and technical expertise fosters effective governance and accountability, supporting Lartey et al. (2020).

Furthermore, the study discoveries align with that of Eghbalia et al. (2022), who argue management competence is crucial for the efficient execution of board mandates. The conclusions also support Wu (2008), who concluded that internal governance mechanisms, including the skills, knowledge, and competence of board members along with managerial ownership, significantly influence accountability. The findings of this study contribute to existing literature on managerial competences and addresses a gap identified by Apreku-Djan et al. (2022), who highlight paucity of research on how it affects value-based financial success. Interestingly, these findings contradict

Widyatama et al. (2017), who asserted that managerial competences in local governments does not significantly influence the accountability or performance of government agencies. This suggests that the relationship between managerial competences and accountability may vary across different organizational contexts.

The findings of this study suggest that while effective boards directly enhance accountability, a portion of this effect is transmitted through the competences of managers, highlighting the critical role of managerial skills in operationalizing board directives. In this study, the partial mediation of managerial competences suggest that competent managers are essential intermediaries through which board oversight translates into accountable practices. Boards may establish policies, monitor performance, and set strategic objectives, but it is the managerial competences that operationalizes these controls, reduces opportunistic behavior and ensures compliance with regulatory and reporting standards (Eghbalia et al., 2022).

From the RBV perspective, managerial competences is a strategic organizational resource that is valuable, rare, inimitable, and non-substitutable (Barney, 1991). Effective boards can enhance accountability not only through their governance structures but also by leveraging managerial competences as a resource that enables the organization to implement policies, allocate resources efficiently, and sustain performance outcomes. The mediating effect of managerial competences demonstrates that managerial skills are not just operational capabilities but strategic assets that transform board directives into measurable accountability outcomes. This aligns with RBV, which posits that unique organizational resources, such as highly competent managers, are critical in converting governance intentions into effective organizational performance (Ndemeko & Kayitana, 2020).

5.2 Conclusions

Study findings indicate that board effectiveness is a substantial predictor of accountability in Ugandan SOEs. Improvements to the independence and diversity of the board and the existence of a strong audit committee contribute to better governance and accountability. Additionally, the study found that board effectiveness positively influences managerial competences which thus enhances accountability. The findings also show that managerial competences, including skills, knowledge, and experience, are crucial for enhancing accountability.

The findings also confirm that managerial competences partially mediates the relationship between board effectiveness and accountability, acting as a critical mechanism for improving governance. Thus, SOEs in Uganda can leverage board effectiveness, which is enhanced by managerial competences to strengthen accountability.

5.3 Recommendations of the Study

- i. SOEs should prioritize strengthening the skills, knowledge, and expertise of their management teams by investing in training and development programs, particularly in areas that enhance managerial competences. This focus will improve key behavioral outcomes such as compliance, transparency, disclosure, and overall organizational performance.
- ii. SOEs should regularly assess the current mix of competencies, skills, and age diversity on their boards and define clear profiles for new appointments to ensure a balanced and effective board composition. Additionally, the government and other stakeholders should reinforce support structures to help board members enhance their skills and competencies through training, education, business seminars, conferences, and orientation programs.

- iii. SOEs must maintain accountability by ensuring that boards have a solid understanding of their roles, supported by board handbooks, written policies, clear ethical expectations, job requirements, and performance standards. Boards should establish and enforce clear consequences for both positive and negative accountability, encouraging responsible board behavior and fostering a consistent culture of accountability.
- iv. SOEs should strengthen the selection and appointment process for board members by ensuring that they are transparent, merit-based, and structured around a skill-based approach. This focus should be on professionalism and the incorporation of individuals with private-sector experience. Additionally, succession planning should be implemented to ensure knowledge transfer.

5.4 Limitations of the Study

- i. Owing to the cross-sectional nature, it was difficult to establish causation between the variables under investigation. Data collection at a single time point precluded consideration of temporal changes in board effectiveness, managerial competences and accountability. As a result, the findings are time specific and may not support long-term conclusions.
- ii. Whereas board behavior monitoring is thought to be the best approach for obtaining direct knowledge, it was not feasible due to organizational privacy policies and regulations.
- iii. The use of structured questionnaires with predetermined options limited the respondents' ability to fully express open-ended views, potentially restricting insight into why they ranked variables as they did.
- iv. The scant literature on the mediation of managerial competences in the relationship between board effectiveness and accountability in Ugandan SOEs made it difficult to

compare outcomes of this examination with those of preceding studies and hindered the ability to generalize or fully contextualize the current study's results.

5.5 Areas for Further Study

Given the constraints and scope of this study, additional research opportunities exist in the following domains:

- i. Future research should use longitudinal designs and qualitative techniques to explore dynamics of board effectiveness, managerial competences, and accountability over time, as well as across different types of enterprises (public and private) or regional contexts (East Africa or Sub-Saharan Africa). Additionally, studies could expand the sample size to include all board members to provide broader insights.
- ii. Future research should investigate the effect of board member demographics (Age, education and gender) and the independent effects of dimensions of board effectiveness (audit committees presence, diversity and board independence) on accountability in SOEs, as well as refine assumptions on their relative influence.

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APPENDICES

Appendix One: Sample Size Determination Table

Table 3.1									
<i>Table for Determining Sample Size of a Known Population</i>									
N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
<i>Note: N is Population Size; S is Sample Size</i>					<i>Source: Krejcie & Morgan, 1970</i>				

Appendix Two: List of State-Owned Enterprises in Uganda

1. Pride Micro Finance
2. Post Bank Uganda Limited
3. Mandela National Stadium
4. Kiira Motors Corporation
5. Dairy Corporation Limited
6. Enterprise Uganda Limited
7. Housing Finance Bank
8. Housing Finance Investments
9. Insurance Training College
10. Kampala Industries and Business Park
11. Kayonza Tea Factory
12. Kileleshwa effectiveness Mines Limited
13. Nakivubo War Memorial Stadium
14. Bujagali Energy Limited
15. National Housing and Construction Company
16. New Vision Printing and Publishing Company Limited
17. Production Enterprises Corporation
18. Science and Technology Equipment Production (Unit) Ltd
19. The Microfinance Support Centre Ltd
20. Uganda Air Cargo Corporation
21. Uganda Broadcasting Corporation
22. Uganda Crane Industries Ltd.
23. Uganda Development Bank Limited

24. Uganda Electricity Distribution Company
25. Uganda Electricity Generation Company
26. Uganda Electricity Transmission Company
27. Uganda Energy Credit Capitalization Co.
28. Uganda Fisheries Enterprises Limited
29. Uganda Livestock Industries
30. Uganda National Airlines Company
31. Uganda National Oil Company
32. Uganda Post Limited
33. Uganda Property Holding
34. Uganda Seeds Limited
35. UGMA Engineering Corporation

Source: *Annual report of the Auditor General to Parliament for the financial year ended 30 June 2023.*

Appendix Three: Questionnaire

Dear respondent,

I am a student at Makerere University Business School, pursuing a postgraduate study award for the Master of Science in Accounting and Finance. I am currently conducting a study on “BOARD EFFECTIVENESS, MANAGERIAL COMPETENCES and ACCOUNTABILITY in State Owned Enterprises in Uganda. You've been chosen as key respondents in the study. Please complete this questionnaire by ‘ticking’ or ‘circling’ the boxes that best reflect your understanding of the aspects to which the questions relate. Please note that there are no incorrect answers. However, you are requested to be accurate as possible to enable us to generate a well-informed set of findings for this study. The answers you submit will board effectiveness kept completely confidential and used exclusively for research. No document pertaining to this study will include your name or your company's name. Please return the completed questionnaire within (1 week) from the date of receiving this questionnaire.

I appreciate your thoughtful collaboration.

Section A: Background Information of Respondents

1. Indicate your gender (tick as appropriate)

Gender: Male ☐ 1 ☐ Female ☐ 2

2. Indicate your age bracket (tick or circle as appropriate)

Age bracket ☐ 30-40 ☐ 41-50 ☐ 51-60 ☐ 61 years and

3. Indicate your highest level of Education (Qualification) (tick or circle as appropriate)

1	2	3	4
Diploma	Bachelor's Degree	Master's Degree	Doctorate Degree

4. For how long have you been a board member in this enterprise? Choose (tick or circle)

1	2	3	4	5
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Not more than 5 years	More than 5 years but not exceeding 10 years	More than 10 years but not exceeding 15 years	More than 15 years but not exceeding 20 years	More than 20 years
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Section B: Background Information of SOEs

1. For how long has this enterprise been in existence? *Choose (tick or circle)*

1	2	3	4	5
Not more than 5 years	Over five years, but not more than ten	Ten years or more, but no more than fifteen	Greater than 15 to 20 years	Over two decades,

2. Indicate the number of employees in this SOE. *Choose (tick or circle)*

1	2	3	4	5
Not more than 100	101-200	201-300	301-400	Above 400

3. Indicate the service or business offered. *Choose (tick or circle)*

1	2	3	4	5	6
Electricity services	Financial services	Petroleum refining and gas services	Advisory, investment, transportation and postal services	Water and telecom services	Construction, leisure, sports and education services

4. Indicate the number of board members. *Choose (tick or circle)*

1	2	3	4
5-7	8-11	12-15	Above 15

SECTION C: Board Effectiveness

The questions in this section pertain to board effectiveness in SOE. On a scale of 1 to 5 (1=strongly disagree, 2=disagree, 3=not sure, 4= agree, and 5= strongly agree), Please indicate whether you agree or disagree with the following by ticking or circling the corresponding number to the right of the statement:

	Items					
	Board Independence	SD	D	NS	A	SA
BI	When it comes to creating long-term objectives and plans, we have official authority or power.	1	2	3	4	5
B2	We are formally in charge of assessing the performance of important executives and the CEO	1	2	3	4	5
B3	The board keeps an eye on how well governance procedures are working.	1	2	3	4	5
B4	The board ensures integrity of the entity's financial reporting system	1	2	3	4	5
	Board Diversity	SD	D	NS	A	SA
BGD1	Relevant expertise is available in the institutional work of the board members	1	2	3	4	5
BGD2	There is adequate female representation on the board	1	2	3	4	5
BGD3	There is a diversity of relevant competencies in the board	1	2	3	4	5
BGD4	The board is composed of members from different professional specialties and fields	1	2	3	4	5
BGD5	The board is composed of different age groups in its composition	1	2	3	4	5
	Audit Committee Existence	SD	D	NS	A	SA
AC1	The board Audit committee is in place, reviews performance and functions effectively	1	2	3	4	5
AC2	The audit committee provides oversight on governance and review of the performance of the board.	1	2	3	4	5
AC3	Audit committee members have requisite financial and accounting expertise	1	2	3	4	5
AC4	The audit committee provides oversight on financial reporting, the audit process and compliance with laws	1	2	3	4	5

SECTION C: Managerial Competences

The questions in this section relate to managerial competences in SOE. On a scale of 1 to 5 (1=strongly disagree, 2=disagree, 3=not sure, 4= agree, and 5= strongly agree), by ticking or circling the appropriate number to the right of the statement, please select if you agree or disagree with the following.

	MANAGERIAL COMPETENCES					
	Managerial Knowledge	SD	D	NS	A	SA
MK1	Our top management team has clear knowledge of the needs of our customers and shareholders	1	2	3	4	5
MK2	All top management members are aware of where this company wants to reach at in the next five years	1	2	3	4	5
MK3	Our management team focuses on both the current and future interests of the organization	1	2	3	4	5
MK4	Our top management understand budgets, financial reports and use such information to make decisions	1	2	3	4	5
MK5	Our top management is able to envision the future and the most practical way of how to do things.	1	2	3	4	5
	Managerial Experience	SD	D	NS	A	SA
ME1	Managers demonstrate self-confidence by getting involved in the areas he/she is good at.	1	2	3	4	5
ME2	Managers plan, organize, direct and control critical resources very well	1	2	3	4	5
ME3	Our managers anticipate and also deal with problems as they arise	1	2	3	4	5
ME4	Our managers provide mutual support and a mentoring environment to his/her employees	1	2	3	4	5
ME5	Our top management team has developed a distinct ability to deal with the different business activities.	1	2	3	4	5
	Managerial Skills	SD	D	NS	A	SA
MS1	Our managers possess skills that enable them perform effectively	1	2	3	4	5
MS2	Our managers are skilled in developing relationships with employees and external stakeholders	1	2	3	4	5
MS3	Managers own skills to permit them perform at a high capacity	1	2	3	4	5
MS4	Our top management team negotiates effectively over roles and resources on behalf of the shareholders	1	2	3	4	5
MS5	Our top management team ensures accurate and complete financial records and information are maintained	1	2	3	4	5

SECTION D: Accountability in State Owned Enterprises

The questions in this section relate to accountability in SOE. Accountability serves as the mechanism through which public agencies and their personnel address the varied expectations arising both internally and externally within an organization. On a scale of 1 to 5 (1=strongly disagree, 2=disagree, 3=not sure, 4= agree, and 5= strongly agree), by ticking or circling the suitable number to the right of the statement, please indicate your level of agreement or disagreement with the following:

	ACCOUNTABILITY					
		SD	D	NS	A	SA
ACC1	All related financial information of the enterprise is disclosed on the organization's website frequently	1	2	3	4	5
ACC2	The enterprise's annual reports are always made available to the public	1	2	3	4	5
ACC3	The enterprise's financial reports comply with the IFRS	1	2	3	4	5
ACC4	All information related to the entity's risk management is available in the annual report	1	2	3	4	5
ACC5	The enterprise has put in place a mechanism for corporate governance reporting	1	2	3	4	5
ACC6	The enterprise provides/avails details relating to the meetings (activities) and attendance of the board	1	2	3	4	5
ACC7	The entity's financial and external reporting give a true and fair representation of the company	1	2	3	4	5
ACC8	Financial and external reporting only tells part of the important information	1	2	3	4	5
ACC9	External and financial reporting covers every aspect that influences decision-making.	1	2	3	4	5
ACC10	Financial and external reporting constitutes a mandatory obligation for a company	1	2	3	4	5
ACC11	The entity balances the interests of both shareholders and other stakeholders	1	2	3	4	5
ACC12	All annual reports for share ownerships are presented	1	2	3	4	5
ACC13	Disclosure of managerial ownership and compensation is open to the public and shareholders	1	2	3	4	5
ACC14	Our organization fulfills its legal obligations	1	2	3	4	5

Thank you for your time!