CORPORATE GOVERNANCE PRACTICES AND FINANCIAL PERFORMANCE OF THE UNITED NATIONS HYBRID OPERATION IN DARFUR, SUDAN

BY

SAMUKA DONZO

MBA-D/33037/143/DF

A THESIS SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER'S IN BUSINESS ADMINISTRATION (FINANCE AND ACCOUNTING) OF KAMPALA INTERNATIONAL UNIVERSITY

September 2016

DECLARATION

I, Samuka Donzo, Reg.No. MBA-D/33037/143/DF, do hereby declare that this thesis is my initiative & original work and has never been presented to any University or other Institution of higher learning before, for an award of any degree or otherwise.

Signed...

SAMUKA DONZO

Date....22/10/2016....................

APPROVAL

This is to certify that this thesis by SAMUKA DONZO on **"Corporate governance Practices and Financial Performance of the United Nations Hybrid Operation in Darfur, Sudan"** was done under my supervision.

Name Dr. Eric Malonga.................. Signed..............................

Date 22/10/2016..............................

DEDICATION

I thank the Almighty Allah, for giving me the strength and wisdom that has enabled me to achieve everything that I am proud of.

ACKNOWLEDGEMENT

In the first place I am grateful to the United Nations Hybrid Operation in Darfur (UNAMID), Sudan for giving its staff opportunity for continuous learning and career development.

I am honored and deeply appreciative to Mr. Eric Mabonga for agreeing to supervise me during the process. Your expertise, advice, and outstanding encouragement are irreplaceable. You are a gifted mentor, counselor, and motivator. Continue to allow God to use you to help improve other's lives. I humbly acknowledge your dedication to my study and my future directions.

I would also like to proudly acknowledge the support of the lecturers of Kampala International University particularly those in the college of Economics and Management who have taught me throughout the course.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF ACRONYMS

ICGU	Institute for Corporate Governance
IMF	International Monetary Fund
ICC	International chamber of commerce
BGFRS	Board of Governors of the Federal Reserve System
FASB	Information with Reasonable Diligence
CEO	Chef Executive Officer
CIDE	Economy in a Democratic Society
UN	United Nations
BOA	Board of Auditors
GAAP	Generally Accepted Accounting Principles
UNAMID	United Nations Hybrid Operation in Darfur, Sudan.

ABSTRACT

The purpose of the study was to establish the influence of corporate governance practices on the financial performance of United Nations Hybrid Operation in Darfur, Sudan. The study was guided by three objectives which included; to identify the effect of accountability on financial performance of United Nations Hybrid Operation in Darfur, Sudan; to identify the effect of policies and procedures on financial performance of United Nations Hybrid Operation in Darfur, Sudan and to establish the relationship between corporate governance practices and Performance of United Nations Hybrid Operation in Darfur, Sudan. The study employed cross sectional survey design, with both quantitative and qualitative approaches. A sample size of 200 respondents was used in the study. Simple random sampling and purposive sampling methods were employed. Findings indicated that; had a significant influence on financial performance as the significance of the coefficient was computed at (0.000< 0.05), R Square coefficient was 0.445, which is less than 50%. The second objective found that policies and procedures had a very strong effect on financial performance. The R Squared of 0.861 was obtained while the sig value was (0.000< 0.05). The last objective found that Corporate governance practices as an independent has positive significant relationship with financial performance and gave a PLCC of 0.650** and significance level of (0.000< 0.001). It was therefore, concluded that; Accountability has significant effect on financial performance of UN hybrid operations in Darfur, Sudan. If accountability is practiced, transparence is exhibited which leads to better financial performance. Policies and procedures have very strong effect on financial performance. There is significant positive relationship between corporate governance practices and financial performance. From the conclusions, the following is recommended; managers should ensure that there is accountability for resources; regularly report to the stakeholders about the affairs of the organization; and employees should adhere to policies and procedures of the organization.

CHAPTER ONE
INTRODUCTION

1.0 Introduction

This part will provide the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, and scope of the study and significance of the study.

1.1 Background of the study

This is divided into historical, theoretical, conceptual and contextual perspectives.

1.1.1 Historical Background

The United Nations, founded in 1945, provides the main forum for its 193 Member States to meet and take collective measures through its principal organs: the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice and the Secretariat. Under the Charter of the United Nations, the Organization can take action on a wide range of vital and complex issues. That has led to its evolution into a complex organization comprising a headquarters in New York made up of multiple departments and offices, as well as entities (many with their own governance structures and systems) and offices away from Headquarters and projects across the globe. The United Nations employs 41,426 staff to deliver its mandates (UNCTAD, 1999). The issue of corporate governance continues to receive a high level of attention. Valuable lessons have been learned from the series of corporate collapses that occurred in different parts of the world in the early part of this decade.

Since then, UN member States have undertaken various actions to strengthen their regulatory frameworks in this area in order to restore investor confidence, and enhance corporate transparency and accountability.

At UNCTAD's 10th quadrennial conference, which was held in Bangkok in February 2000, member States requested it to promote increased transparency and improved corporate governance. In response, the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) at UNCTAD conducted a series of consultations and deliberations on corporate governance disclosure during its annual sessions with a view to assisting developing countries and countries with economies in transition in identifying and implementing good corporate governance practices.

This was undertaken as part of the larger goal of achieving better corporate transparency and accountability in order to facilitate investment flows and mobilize financial resources for economic development.

At its 21st session in 2004, the Group of Experts agreed to consider further developments in the area of disclosures and to update its earlier work as needed. Accordingly, the updating work was conducted and reviewed at the 22nd session of the Group of Experts in 2005, where it was decided to prepare this guidance for publication and disseminate it as widely as possible. ISAR's decision was welcomed by delegates during the 10th session of the Commission on Investment, Technology and Related Financial Issues in 2006, where delegates commended the report for its usefulness and recognized the need for tools to promote good practices in corporate transparency and reporting (UN's Guidance on good practices in corporate governance disclosure, New York and Geneva, 2006).

Okeahalam (2004) asserts that the adoption of corporate governance principles by African countries is still a major challenge since they aim towards creating safeguards against corruption and mismanagement, promoting transparency in economic life and attracting more domestic and foreign investment. Corruption in African countries has become part and parcel of life, manifested in weak judicial systems, bribery, and embezzlement.

The research on corporate governance has its roots in the landmark paper of Jensen and Mackling (1976), who demonstrate that the existence of the agency relationship in the firm leads to conflicts of interest between the shareholders and the managers. Thus, corporate governance stems from the problems associated with the separation of ownership and control of the modern firm. Corporate governance comprises the set of institutional and market based mechanisms that induce self-interested managers (controllers) to maximize the value of the firm on behalf of its shareholders (owners) (Denis, 2001; Denis and McConnell, 2003). Since the managers are the ones who make decisions regarding the usage of capital supplied by the owners, there are certain control mechanisms, both internal and external to the firm, to ensure that the managers act in line with the interests of the owners. In sum, corporate governance broadly refers to the mechanisms by which companies are controlled, directed, made accountable, and governed (Macey, 1997; Peck and Ruigrok, 2000). All these mechanisms have become the focus of many studies and attracted considerable amount of research attention.

The issues of corporate governance have attracted the attention of scholars on a broad scale over the last three decades, even though these issues have long existed. In Nigeria, the topic gained importance in the post structural adjustment program era. This era witnessed the growth of private ownership and financial institutions. Because of the weak corporate culture in these institutions, the nation witnessed a very high incidence of corporate failures (Okpara, 2009).

1.1.2 Theoretical Perspective

The study is based on Stakeholder Theory. This theory was originally developed by Freeman in the 1980s. Stakeholder theory challenges agency assumptions about the primacy of shareholder interests.

Instead it argues that a company should be managed in the interests of all its stakeholders. These interests include not only those of the shareholder but also a range of other direct and indirect interests. The employee is obviously a key stakeholder and there have been long-running arguments amongst governance academics such as Margaret Blair those employees just as much as shareholders are 'residual risk-takers' in a firm.

An employee's investment in firm-specific skills means that they too should have a voice in the governance of the firm. But stakeholder theory would also insist that other groups - suppliers and customers - have strong direct interests in company performance while local communities, the environment as well as society at large have legitimate indirect interests.

Enlightened stakeholder theory therefore suggests the practical value of accountability to shareholders even if a board takes other interests into account in its conduct of a firm. This theory is significant to corporate governance practices and financial performance because stakeholders are the primary reason companies exist.

1.1.3 Conceptual Perspective

According to Rogers (2008), corporate governance is about building credibility, ensuring transparency and accountability as well as maintaining an effective channel of information disclosure that would foster good corporate performance. Rogers further opined that, corporate governance is about how to build trust and sustain confidence among the various groups that make up an organization. There is no generally accepted definition of corporate governance which enjoys consensus of opinion in all settings and countries of the world. The concept is thus defined and understood differently in different parts of the world, depending on the relative power of owners, managers and providers of capital. In other words, a number of scholars have viewed corporate governance differently (Rediker & Seth, 1995; Shleifer, Vishny, 1997). Maher, Anderson (1999) view corporate governance from two contrasting angles that is, the shareholder and the stakeholder model. Corporate governance in its narrowest sense (i.e. shareholder model) is used to describe the formal system of stewardship of the board to the shareholders. In contrast, in its widest sense (i.e. stakeholder model) CG is used to describe the network of relationships between an organization and its various stakeholders. However, it can be argued that there is no need for such a distinction since both the models have identified corporate governance as a network of relationships between a company and its public through which the board is held accountable.

Similarly, Conger and Finegold (2001) defines corporate governance as the system by which companies are directed and controlled. The nature of corporate governance, therefore, going by this definition consists of two dimensions: direction and control. The direction side of corporate governance emphasizes the responsibility of the board to attend to strategic positioning and planning in order to enhance the performance and sustainability of the company. The control side of the definition, on the other hand, emphasizes the responsibility of the board to oversee the executive management of the company in the execution of the plans and strategies.

According to the Economic Commission for Africa (2002) Corporate governance exists in those economies where the institutions of government have the capacity to manage resources efficiently; formulate, implement, and enforce sound policies and regulations that can be monitored and be held accountable; in which there is respect for the rules and norms of economic interaction; and in which performance is unimpeded by corruption and other activities inconsistent with the public trust. It is further illustrated that good economic and corporate governance also influences private investment through the globalization process.

In any case, corporate governance is about much, much more than the accuracy of the balance sheet. Indeed, except in cases of rudimentary fraud, the balance sheet is just an output of manifold structural and strategic decisions across the entire company, from stock options to risk management structures, from the composition of the board of directors to the decentralization of decision-making powers (The Economist, 2002).

Mawanda (2008), performance refers to the ability to operate efficiently, profitability, survive grow and react to the environmental opportunities and threats. They assert that, performance is measured by how efficient the enterprise is in use of resources in achieving its objectives. It is the measure of attainment achieved by an individual, team, organization or process. Hitt, et al (1996) believes that many firms' low performance is the result of poorly performing assets. Appropriate performance measures are those which enable organizations to direct their actions towards achieving their strategic objectives. Performance is measured by either subjective or objective criteria (Kent, 1994)

Verschoor (1999) however, mentions other financial measures to include value of long-term investment, financial soundness, and use of corporate assets. He also talks of non financial performances measures to include; innovation, ability to attract, develop, and keep talented people, quality of management, quality of products or services, and community and environmental responsibility. Financial Performance can be considered as the degree of accomplishment of the objectives and goals which an organization's resources have been provided (Dittenhoffer, 2001). Performance measurement is an aspect of management control which indicates the extent to which corporate strategies and objectives may have been met (Nyabirambi, 2004). Performance is normally measured to check whether there is need to reinforce action or to diverse alternative course of action. Traditionally financial performance has been based on the income statement and balance sheet.

In this study corporate governance focused on accountability and policies and procedures, policies and procedures concentrated on internal controls. While financial performance was on sustainability and expenditure control.

1.1.4 Contextual Perspective

A civil war erupted in Darfur, Sudan in 2003 between the Government of Sudan and its allied militia, and other armed rebel groups. Particularly during the first two years of the conflict, tens if not hundreds of thousands of people were killed. Fighting continues between the Government and the now splintered movements, and 1.8 million people are estimated to be internally displaced

In 2006, the African Union deployed a peacekeeping mission to Sudan, which was replaced in 2008 by the unprecedented joint African Union/United Nations Hybrid operation in Darfur (UNAMID), currently the largest peacekeeping mission in the world. UNAMID's mandate has been extended since then on several occasions.

UNAMID has the protection of civilians as its core mandate, but is also tasked with contributing to security for humanitarian assistance, monitoring and verifying implementation of agreements, assisting an inclusive political process, contributing to the promotion of human rights and the rule of law, and monitoring and reporting on the situation along the borders with Chad and the Central African Republic.

The Mission's headquarters is in El Fasher, the capital of North Darfur, with further deployment locations throughout the three Darfur states. The Mission conducts an average of more than 200 patrols a day, attempting to increase its robustness, often in the face of bureaucratic or armed obstruction. The aim is to do everything in its power to protect civilians in Darfur, facilitate the humanitarian aid operation to all areas, regardless of who controls them, and to help provide an environment in which peace can take root (UNAMID official website, 2016).

1.2 Statement of the Problem

Investors and regulators have become more interested in the rules and regulations of corporate governance because of the high-profile collapse of a number of large corporations in the last decade of the 20th century. In addition, the world financial crisis of 2008 has led to a pressing need for establishing sound corporate governance practices as an emergent demand (Pandya, 2011). Therefore, management scholars have focused on the relationships between corporate governance and financial performance, and company value (Dhamadasa et al., 2014).

Corporate governance is needed to protect the interest of all stakeholders, including shareholders. Corporate governance secures confidence for not only shareholders, but also other stakeholders, such as government, employees, suppliers and customers in ensuring the firms' leaders are accountable for their decisions. Weak-governance companies have higher input costs, lower labor productivity, lower equity return, lower value, and lower operating performance than good-governance companies (Zaharia & Zaharia, 2012). On the contrary, good corporate governance guarantees that shareholders will get the best performance for their investment, resulting in wealth increase and general economic growth (Cretu, 2012).

Despite the associated benefits of corporate governance practices, Hybrid Operation in Darfur, Sudan has recorded some cases of abuse of control, mismanagement and misappropriation of funds thus leading to poor financial performance. (UN BOA report 2014/15).

This could suggest that employees do not comply fully with the requirements of the codes of best practice under which they operate which have sometimes affect the performance.

Therefore, this study is an attempt to find out causal association of corporate governance practices on financial performance of organizations a case of United Nations Hybrid Operation in Darfur, Sudan.

1.3 Purpose of the study

The purpose of the study was to establish the influence of corporate governance practices on the financial performance of United Nations Hybrid Operation in Darfur, Sudan.

1.4 Objectives of the study

1.4.1 Specific Objectives

The study specifically aimed at;

i) To identify the effect of accountability on financial performance of United Nations Hybrid Operation in Darfur, Sudan.

ii) To identify the effect of policies and procedures on financial performance of United Nations Hybrid Operation in Darfur, Sudan.

iii) To establish the relationship between corporate governance practices and Performance of United Nations Hybrid Operation in Darfur, Sudan.

1.5 Research questions

i) What is the effect of accountability on financial performance of United Nations Hybrid Operation in Darfur, Sudan?

ii) What is the effect of policies and procedures on financial performance of United Nations Hybrid Operation in Darfur, Sudan?

iii) What is the relationship between corporate governance practices and financial Performance of United Nations Hybrid Operation in Darfur, Sudan?

1.6 Null hypothesis

There is no significant relationship between corporate governance practices and financial performance of United Nations Hybrid Operation in Darfur, Sudan.

1.7 Significance of the Study

The study findings provide help both private and public enterprises in enhancing corporate governance in the day to day running of the business operations since it is known as the best tool for business efficiency.

Corporate governance being new phenomena in organizations in Sudan, researchers and academicians may use the findings of this research as a benchmark onto which further research can be done and new models can be invented to propel Sudan's economy to another level. For example United Nations Hybrid Operation in Darfur, Sudan itself may it beneficial in terms of performance, and implementation of more good governance practices.

As an academician/researcher, this exercise has empowered me with more knowledge with regard to corporate governance.

This research provides a basis for the researcher in the fulfillment of the requirement for the award of a Master Degree of Business Administration in Finance and Accounting of Kampala International University.

1.8 Scope of the Study

1.8.1 Geographical Scope

The study was carried out in Darfur, at the headquarters of United Nations Hybrid Operation in Darfur Sudan and therefore employees were the informants from the head office took part in the study.

1.8.2 Time Scope

The study covered the period between 2014-2015. The researcher chose this period because it was during the timeframe the UN board of auditors conducted audit and reported of weak governance practices in UNAMID.

1.8.3 The Content Scope

The study considered corporate Governance practices as an independent variable and financial performance as the dependent variable. The study focused on corporate governance practices as; accountability, policies and procedures and financial performance focuses on sustainability and expenditure controls of United Nations Hybrid Operation in Darfur, Sudan while holding other factors constant.

1.9 Operational definition of key terms

Corporate governance practices: refers to a formal system of accountability, and policies and procedures through which the organization is managed.

Performance: Refers to the degree of satisfaction as a result as far as sustainability and expenditure controls are concerned

Accountability: refers to the maintaining of an effective channel of information disclosure that would foster transparency.

Policies and procedures: refers to the internal control systems that management must adhere to ensure effectiveness in the organization.

Sustainability: continuity of the operations of the organization with acceptable standards.

Expenditure controls: refers to adherence on internal mechanisms regarding expenditure.

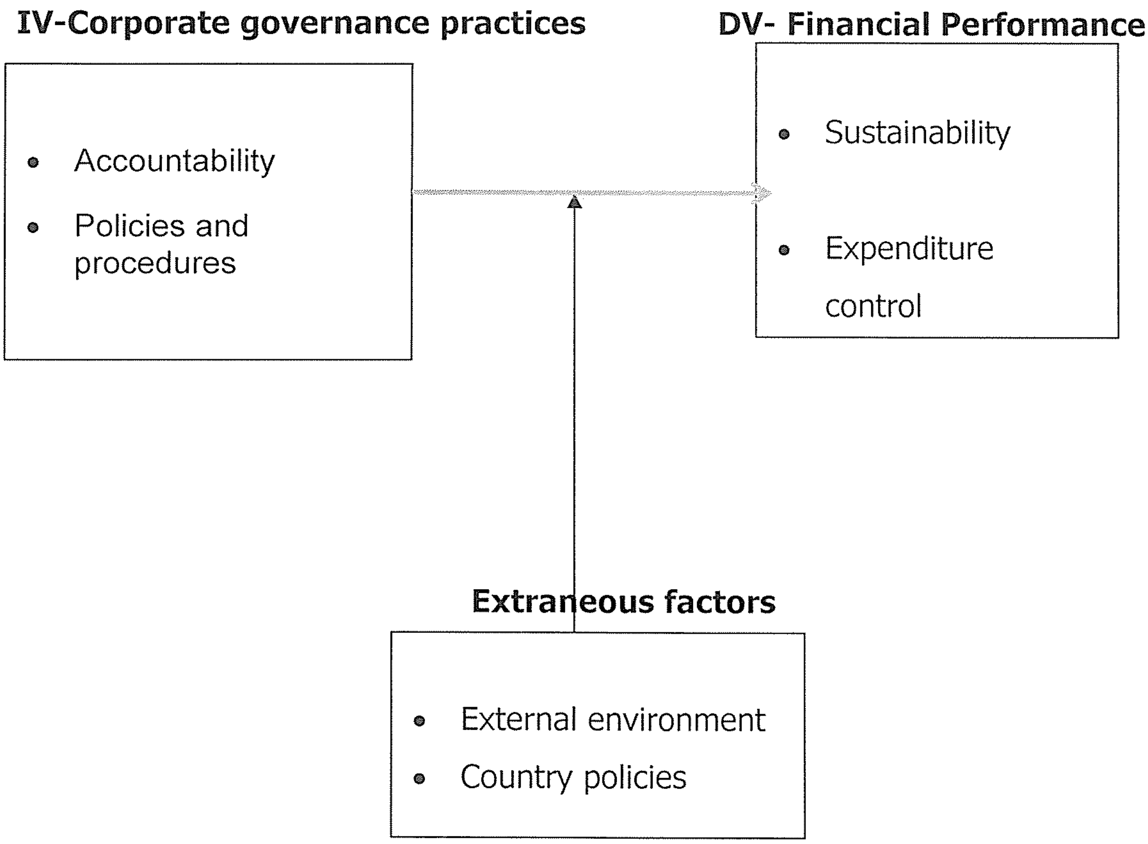
CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.0 Introduction

This chapter discusses the related literature to the study; it addresses the views of different scholars on corporate governance practices and performance and the relationship between the two variables.

2.1 Conceptual Frame Work

The researcher looked at the effect of corporate governance practices to performance of United Nations Hybrid Operation in Darfur, Sudan corporate governance as Independent Variable and financial Performance as Dependent variable however, extraneous factors also played role.



Source: Researcher's conceptualization, 2016

The figure shows the relationship between the independent variable (corporate governance practices) and the dependent variable (financial performance of United Nations Hybrid Operation in Darfur, Sudan. It is conceptualized the corporate governance practices; accountability, and policies and procedures have a direct bearing on financial performance of United Nations Hybrid Operation in Darfur, Sudan financial performance is registered, as sustainability and expenditure controls.

2.2. Theoretical Scope

2.2.1 Stakeholder Theory

One argument against the strict agency theory is its narrowness, by identifying shareholders as the only interest group of a corporate entity necessitating further exploration. Stakeholder theory has become more prominent because many researchers have recognized that the activities of a corporate entity impact on the external environment requiring accountability of the organization to a wider audience than simply its shareholders. The study is based on Stakeholder Theory. Freeman originally developed this theory in the 1980s. Stakeholder theory challenges agency assumptions about the primacy of shareholder interests. It argues that a company should be managed in the interests of all its stakeholders. These interests include not only those of the shareholder but also a range of other direct and indirect interests. The employee is obviously a key stakeholder and there have been long-running arguments amongst governance academics such as Margaret Blair those employees just as much as shareholders are 'residual risk-takers' in a firm.

An employee's investment in firm-specific skills means that they too should have a voice in the governance of the firm. But stakeholder theory would also insist that other groups - suppliers and customers - have strong direct interests in company performance while local communities, the environment as well as society at large have legitimate indirect interests.

Enlightened stakeholder theory therefore suggests the practical value of accountability to shareholders even if a board takes other interests into account in its conduct of a firm. The importance that is now given to corporate value statements, as well as the board's role in creating corporate ethics codes, and social and environmental reporting all reflect an acknowledgement of a wider set of corporate obligations beyond the delivery of shareholder value, or at least insist that such performance must be realized within certain ethical constraints.

This theory is significant to corporate governance practices and financial performance because stakeholders are the primary reason companies exists.

2.2.2 Agency Theory

The agency theory, Berle and Means (1932) has its roots in economic theory and it dominates the corporate governance literature. Daily, et al., (2003), point to two factors that influence the prominence of agency theory. Firstly, the theory is a conceptually simple one that reduces the corporation to two participants, managers and shareholders. Secondly, the notion of human beings as self-interested is a generally accepted idea. Eisenhardt (1989) explains that the agency problem arises when "(a) the desires or goals of the principal and agent conflict and (b) it is difficult or expensive for the principal to verify what the agent is actually doing". The problem is that the principal is unable to verify that the agent is behaving appropriately.

It is an acknowledged fact that the principal-agent theory is generally considered the starting point for any debate on the issue of corporate governance emanating from the classical thesis on the fundamental agency problem in modern firms is primarily due to the separation between finance and management. Modern firms are seen to suffer from separation of ownership and control and therefore are run by professional managers (agents) who cannot be held accountable by dispersed shareholders. Because of the weakness of this theory it is adopted to guide this study

2.3 Concept of corporate governance

Corporate governance has been described as simply the system by which companies or public bodies are directed or controlled. It's specifically concerned with the structures and processes associated with management, decision making in organizations (Tricker 1984). The corporation is about how to build trust and sustain confidence among the various interest groups that make up an organization (Mckinsey, 2000). It attested a strong link between corporate governance and share holder's confidence (Mark 2000). Vinten (1998) states that corporate governance is needed not only to protect the interests of the stock holders but also other stake holders. Corporate governance is mandated to ensure the interests of public-sector and private organizations represented.

Corporate governance has the following attributes; leadership for accountability and transparency, leadership for efficiency, leadership for probity (integrity) and leadership for respect of the rights of all stake holders, among others (Kiwala 2011). According to Kibirango (2002) chairman of the capital markets authority of Uganda concepts of transparency, disclosure and trust continue the corporate governance. Corporate governance is the system which companies and corporations are directed and controlled. Its key elements include exercise of authority or stewardship, ensuring accountability and transparency and promoting integrity and efficiency (ICGU 2011).

2.4 Concept of financial performance

Financial performance means a subjective measure a firm's overall financial stand over a given period of time; financial performance indicators are the subjective measures of the firm's overall financial stand of a firm over a given period of time (Investopedia 2011). According to Marc Bertoneche and Rory (2001) the financial performance indicators include return on investment (ROI), risk management and liquidity levels or capital adequacy.

Measuring firm performance using accounting ratios is common in the Corporate Governance literature Demaetz and Lehn, (1985), Ang et al, 2000), in particular, return on capital employed, return on assets, and return on equity. Similarly, economic value added can be as an alternative to purely accounting- based methods to determine shareholder value by evaluating the profitability of a firm after the total cost of capital, both debt and equity are taken into account (Copeland et al, 1995). Other measures of financial performance in profit making organizations are Capital adequacy, Asset quality, Management, Earnings and Liquidity which are commonly known as CAMEL Model.

However, appropriate performance measures are those which enable organizations to direct their actions towards achieving their strategic objectives. Performance is measured by either subjective or objective criteria (Kent, 1994)

2.5 Effect of accountability on financial performance

According to Hayes, et al., (2005), Managers need regular financial reports so as to make informed decisions. Reporting (particularly financial reports) is one way through which managers make accountability for the resources entrusted to them. Emasu (2010) asserts that Accountability can be political, social or financial accountability.

Individuals and groups in a company who make decisions and take actions on specific issues need to be accountable for their decisions. Mechanisms must exist and be effective to allow for accountability. These provide investors with the means to query and assess the actions of the board and its committees (King, 2002). According to Wheelers (2000), accountability occurs in every sector of society including commercial sector. Where there is inadequate accountability resources will be used inefficiently and ineffectively; thus it can lead to people to compromise the operations of an organization (Kluver 2001).

Transparency is the case where an outsider is able to make meaningful analysis of a company's action. It's the measure of how good, management is making necessary information available in a candid, accurate and timely manner, not only audit data but also general reports and press releases (King Report 2002). Financial statements are transparent if they make apparent the underlying economies of the business and its transactions. Transparency therefore involves not only concepts related to reliability but also understandability. The financial statements should be presented in a manner that is easily understood by individuals "who have a reasonable understanding of business and economic activities and are willing to study the information with reasonable diligence" (FASB 1984).

Higher transparency reduces the information asymmetry between a firm's management and financial stake holders, mitigating the agency problem in corporate governance (Sandeep et al., 2002) Transparency is integral to corporate governance (equity and bondholders), mitigating the agency problem in corporate governance (Sandeep et al, 2002).

Financial accounting information is a product of corporate accounting and external reporting systems that measure and routinely disclose audited quantitative data concerning the financial position and performance of publicly held firms. The audited balance sheets, income statements and cash flow statements along with supporting disclosures form the foundation of the firm's specific information available to investors and regulators (Kiwala, 2011). Financial statements are transparent if they make the underlying economics of business and its transactions. Thus involves concepts related to reliability, such as faithfulness, neutrality and understability. To be transparent financial statements must be accurately represented under economics in an unbiased manner (FASB, 1984).

Same point is highlighted by Adams (2004) who assessed the extent to which corporate reporting on ethical, social and environmental issues reflected corporate performance, which would indicate the extent to which an organization is accountable to its stakeholders, and concludes that there is a need for other measures to improve accountability including mandatory reporting guidelines, better developed audit guidelines, a mandatory audit requirement for Multi National corporate companies, and a radical overhaul of corporate governance systems. In most cases accountability and transparency determines the company's level of performance especially when being run on corporate rules.

Disclosure and transparency are the partners of good governance. They demonstrate the quality and reliability of information financial and non-financial provided by management to lenders, shareholders, and the public (International chamber of commerce 2002 (ICC).

Financial accounting information is a product of corporate accounting and external reporting systems that measure and routinely disclose audited quantitative data concerning the financial position and performance of publicly held firms. The audited balance sheets, income statements and cash flow statements along with supporting disclosures form the foundation of the firm's specific information available to investors and regulators (Kiwala, 2011).

In order for market discipline to be effective organizations whether public or non public must be sufficiently transparent. Thus disclose sufficient amount of accurate and timely information regarding their conditions and operations to the public. This is described in the board of governors of the Federal Reserve System (BGFRS 2000) bank disclosures in the US.

Klapper and Love (2004) and Durnev and Kim (2005) find that a strong institutional setting weakens the well-documented link between corporate governance and performance. Negligent of accountability may not yield to desired results.

2.6 Effect of policies and procedures on financial performance

Firms with better systems of management continue to attain organizational objectives and goals than those that do not have (OECD, 1999). Adams and Mehran (2003), argue that organizations with better systems and procedures are important for firm's performance. Better policies and procedures have been recognized as a significant factor in improving financial performance of organizations. Further, Gompers et al. (2003) argues that if an organization pays attention in having and following systems, then it will be in position to generate better returns to its shareholders.

Internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of a firm's objectives in the effectiveness and

efficiency of operations, reliability of financial and management reporting, compliance with applicable laws and regulations and protect the organization's reputation (Cunningham, 2004).
Effective internal control system operates when some specific procedures are adopted by the management. International Accounting Standards (IAS) categorizes internal control types as a plan of organization, segregation of duties, control of documents, safeguarding of assets, competence of staff, arithmetic and accounting controls, recording and record keeping , supervision, authorization and approvals, vocation and rotation of duties, cost feasibility , routine and automatic checks. Saleemi (1989) refers to plan of organization as an organization chart showing the organization structure of a company. The purpose of this chart is to show how the company has been divided into departments and departments into sections and most important to show what responsibilities and duties are assigned to each officer. Authority and responsibilities are clearly defined. Employees perform their duties according to the organization plan. This plan allocates and defines responsibilities and identifies lines of reporting for all aspects of business operations. The plan of organization is needed for effective internal control.

Mawanda (2008), states that "there is a general perception that institution and enforcement of proper internal control systems will always lead to improved financial performance". It is also a general belief that properly instituted systems of internal control improve the reporting process and also give rise to reliable reports which enhances the accountability function of management of an entity. Preparing reliable financial information is a key responsibility of the management

Internal controls consist of five components; Control environment, this is the foundation for all the other components of internal control. It comprises of factors like integrity and ethical values of personnel tasked with creating, administering and monitoring the controls, commitment and competence of persons performing assigned duties, board of directors or audit committees, management philosophy and operating style and organizational structure, Risk assessment process, this refers to the careful assessment of factors that affect the possibility of objectives of the organization not being achieved. It refers to the identification and analysis of relevant risks associated with achieving the objectives of the organization. Risk assessment is the process of identifying and analyzing management relevant risks to the preparation of financial statements that would be presented fairly in conformity with general accepted accounting principle, information and communication systems Internal controls require that all pertinent information be identified, captured and communicated in a form and time frame that enable people to carry out their financial reporting responsibilities. Firms should adopt internal control and information systems that produce operational, financial and compliance-related information reports to make it possible to run and controls the business. Effective communications should occur in a broad sense with information flowing down, across, and up within all the sections of the organization (Millichamp, 1999)

Control activities refer to policies, procedures, and mechanisms put in place to ensure directives of the management are properly carried out. Appropriate and accurate documentation of policies and procedural guidelines helps to determine how the control activities are to be executed. Monitoring of controls is the process of assessing the quality of the internal control structure over time. Since internal controls are processes, it is usually accepted that they need to be adequately monitored in order to assess the quality and the effectiveness of the system's performance over time. Millichamp (1999) stated that the term segregation of duties is used these days for internal duties. One of the prime means of control is the separation of those duties which would if combined would enable one individual to record and process a complete transaction. This practice reduces risk of intentional manipulation of accounts and increases element of checking. This makes fraud more difficult to be committed because one transaction is completed by different employees.

Batra el al., (1992) said that control of documents involves control of company's sensitive documents for example receipts, cheques, local purchase orders, debit and credit notes. These documents must be handled by a responsible officer and should be pre numbered to ensure control and minimize misuse. They must be kept and controlled from a central point like headquarters or any other reliable control point. De Paula et al., (1990) also noted that internal controls require that business assets like plant and machinery, equipment, motor vehicle, stock and cash should be kept safely and access should be limited to authorized personnel only. The procedures designed and security measures taken to safeguard assets are known as Physical Controls. The type of physical controls common to most companies include employment of watchmen, alarm system, strong electrified fence, strong room, safes and security lights.

Cunningham (2004) stated that the proper functioning of any system depends on the competence and integrity of those operating it. The staff employed in an organization should be competent and experienced. The company should employ qualified, experienced, competent, motivated and capable people who will have interest in what they do and the company as well should regard their employees as its assets. These employees should be reliable and responsible in order to ensure efficiency in business operations. Olumbe, (2012) also stated that arithmetic and accounting controls should be implemented as they aim at ensuring accuracy of transactions and ensuring proper recording of company transactions according to the Generally Accepted Accounting Principles (GAAPs). When examining the internal control system, the auditor should consider the possibility of collusion between close relatives working in related parts of the firm, this may conceal irregularities. The recording of business transactions should be accurate and arithmetically correct hence some controls are introduced e.g. checking of totals, reconciliations, control accounts and trial balances. An effective control system therefore requires implementation of arithmetical and accounting controls and its adequacy has to be examined by the internal auditor differently for different firms.

Wee, (2009) indicated that all transactions must be authorized and approved by the right and responsible officer. This is aimed at preventing frauds, safeguarding the company assets, streamlining the flow of authority to avoid bureaucracy and conflicting authorized activities for example purchases invoices should be approved before payment is made to suppliers, and wages payment be approved before cash withdrawal from the bank. Internal control requires proper system of authorization and approval whose main objective is to prevent fraud and safeguard company assets. Vocation and rotation of duties should also be upheld in organization.

In implementing corporate governance Klein (2002) suggests that the creditors of a firm consider that the participation of non-executive independent members in the board of directors increases the reliability of the published financial statements. According to the corporate governance principles, the internal audit department is responsible for the implementation of the internal audit regulation. Thus, the internal audit department assists the board of directors in executing its monitoring duties, since it supervises corporate operations and transactions. Furthermore, it provides to the board of directors reliable information regarding the completeness and representational faithfulness of accounting records (Manasseh, 2007).

A sound internal control system helps an organization to prevent frauds, errors and minimize wastage. Custody of assets is strengthened; it provides assurance to the management on the dependability of accounting data eliminates unnecessary suspicion and helps in maintenance of adequate and reliable accounting records (Millichamp, 1999).

2.7 Relationship between Corporate Governance practices and financial performance

Njoka (2010) in the study of corporate governance and financial performance obtained a positive relationship between corporate governance and financial performance. Masibo, (2005) researched on board governance and firm performance of selected state owned corporations and in listed organizations on Uganda Securities Exchange, obtained a positive direct and indirect link between board governance and firm financial performance through board effectiveness. Piesses, (2005), carried out empirical research on corporate governance and firm performance in an international perspective and obtained conflicting results on the link between corporate governance and firm performance.

A well managed company well aware of and responsible to, social issues, placing a high priority on ethical standards. A good corporate citizen is increasingly seen as one that is non discriminatory, non- exploitative and responsible with regard to environmental and human rights issues. A company is likely to experience indirect economic benefits such as improved productivity and corporate reputation by taking those factors into consideration (King, 2002).

According to the corporate governance survey (2002), carried out by the Kuala Lumpur stock exchange and accounting firm Price Water House Coopers (PWC), the majority of investors in Malaysia are prepared to pay 20% premium for companies with superior corporate governance practices. There is evidence that in the long term good governance and good leadership together with management go hand in hand resulting in a better financial performing company and commercial success (Alison 2007).

It is widely acclaimed that good corporate governance enhances a firm's performance (Jenson, 2001; Sanda *et al.*, 2005; Freeman *et al.*, 2004). In spite of the generally accepted notion that effective corporate governance enhances firm performance, other studies have reported negative relationship between corporate governance and firm performance (Bathala and Rao, 1995) or have not found any relationship (Singh and Davidson, 2003; Young, 2003). Several explanations have been given to account for these apparent inconsistencies. Some have argued that the problem lies in the use of either publicly available data or survey data as these sources are generally restricted in scope. It has also been pointed out that the nature of performance measures, which are either quantitative or qualitative.

Pech and Durden (2004) when they argue that a raft of corporate failures have been caused by managerial decision-making processes that have destroyed the integrity of the organizational learning experience through the corrupt and dysfunctional behavior of the managerial elite. This indicates how compromise in corporate governance can influence company performance negatively. Pech and Durchen further argue that organizations need to build a culture of knowledge sharing in which senior managers and, indeed all members of the organization, are connected to and remain connected to the collective consciousness. Information sharing ensures that corporate rules and procedures are effectively followed through transparent ways and this wins confidence of stakeholders. Good corporate governance ensures that large corporations are well-run institutions that earn the confidence of investors and lenders. The process ensures safeguards against corruption and mismanagement, while promoting fundamental values of a market economy in a democratic society (CIPE, 2002).

Using various measures of corporate governance, researchers have examined the extent to which corporate governance environment is related to the firm's financial performance (Gompers et al., 2003; Bebchuck et al., 2009; Gupta et al., 2006; Brown and Caylor, 2006) Generally, their results tend to show that good corporate governance practices, as measured by different variables, are positively associated with financial performance.

Dalton et al. (1999) found a positive, significant relationship between board size and firms' financial performance. Xie et al. (2003) suggested that larger boards related to a lower level of discretionary accruals. It was also found that better corporate governance is highly correlated with better operating performance and market valuation (Klapper, and Love, 2002). Along similar lines, other research made a comparative evaluation of good governance in a number of countries and included Kenya, Nigeria, South Africa and Zimbabwe in their data sample. In terms of shareholder rights, South Africa scored five points as against four being the average for the country group in the English-law origin (Shleifer, and Vishny, 1998).

Prior research has found a significant association between effective corporate governance practices and decreased financial reporting risks, especially financial reporting fraud, earnings manipulation and restatements. Therefore, a significant association between effective corporate governance practices and the quality of the financial reporting process determined the level of performance of the organization (Jiang et al., 2008; Davidson et al., 2005).

One ways of achieving competitiveness, profitability and sustainability of an enterprise is by applying principles of corporate governance (Kasenene, 2006). A company that does not exercise good corporate governance will receive less investment resources and will receive minimal development. Likewise an enterprise that fails to modernize its corporate governance practices will be left in the doldrums (Kibirango, 2006).

2.8 Research gaps

From the literature reviewed, it has been observed that there gaps which need to be filled. Most of the studies that have been conducted were not done in Darfur, Sudan no single study has been conducted on this title. This signifies the contextual gap this study has filled.

Most studies were conduct in profit making organizations ignoring nonprofit organization. The data used by previous researchers were secondary and therefore, concentrated only on quantitative measures of financial performance ignoring the qualitative which this study has employed.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents methods were used to conduct the study. It describes the area of study, the study design, and the study population, methods of sampling and how data was collected, processed and analyzed.

3.1 The Research Design

The study utilized a cross sectional survey design because it is flexible in both quantitative and qualitative paradigms. This design enabled the study to be carried out at a particular time and the notion of combining quantitative and qualitative approaches in a case study research offered the promise of getting closer to the whole of a case the way that a single method study could not achieve. Quantitative data analysis was used to describe the statistics of the scores to described the current situation on the opinions of respondents and investigate the associations between the study variables using information gained from the questionnaires.

3.2 Population

The study population consisted of 400 employees of UN operations in Darfur, Sudan. The study targeted top management, program managers, and operations staff. These were chosen because they have relevant knowledge required about the subject matter in this study.

3.3 Sampling procedure

The researchers employed the simple random sampling and purposive sampling techniques to select participants in the study. The two sampling techniques were considered appropriate to the study owing to the fact that the former was a fundamental sampling technique where a sample was selected in the way that all the elements in the sampled population had the same probability of being selected, thus reducing bias in the selection of the participants. Purposive sampling was used to select top managers because they are few in number yet they have knowledge which is relevant in this study.

3.4 Sample Size

The researcher selected respondents as per the breakdown below.

Table 3. 1: Sample size of respondents at United Nations hybrid operation in Darfur, Sudan

Employee	Population	Sample size
Top level management	10	5
Program heads	30	15
Operational level local employees	200	100
Operational level International employees	160	80
Total	**400**	**200**

Source; Human resource department archives, 2015

Sample size calculation by use of Slovene's Formula

$$n = \frac{N}{1+N(e)2}$$

n - Required sample size

N - Population Size

e - The degree of accuracy expressed as a proportion (.05).

Where by

N = 400

e = .05

Where by

$$n = \frac{400}{1+400(.05)^2}$$

$$n = \frac{400}{1+400x0.0025}$$

$$n = \frac{400}{1+1}$$

$$n = \frac{400}{2}$$

n = **<u>200 respondents</u>**

3.6 Methods of Data Collection

Self-Administered Questionnaires (SAQs) were used to collect data from respondents. SAQs were used because it saves time where the sample size is big and the researcher can collect data in short time to undertake the study.

A close-ended questionnaire were used to collect data from the respondents. This type of questionnaire is appropriate to collect data from a large sample in a short time and it also enabled easy entry and analysis of collected data. It was designed in a four point Likert scale formant (strongly agree, agree, disagree and strongly disagree).

Interviews were held with the top-level managers. This enabled the researcher to get the opinions about the state of corporate governance practices in the organization.

3.7 Validity and Reliability of the Instruments

Validity of the instrument was ensured through expert judgment. The researcher consulted the supervisor on appropriateness of questionnaire construction. The researcher further computes Content Validity Index; it was 82.3% which is greater than 50% minimum acceptable level of validity.

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Muganda & Mugenda, 2003). Cronbach's alpha was also used to determine the reliability of the instruments. A Cronbach's alpha value of 0.70 and above was considered to be the criteria for demonstrating internal consistency the scale and established scales respectively (Amin, 2005). The table below shows the reliability test results obtained from SPSS.

Table 3. 2: Reliability test

Variable	Cronbach's Alpha
Accountability	0.844
Policies and procedures	0.793
Sustainability	0.815
Expenditure controls	0.884
	0.834

3.8 Data Analysis

The data collected was both quantitative and qualitative in nature. After the data is collected, edited, coded, tabulated, analyzed and presented. Editing involved perusing through the completed questionnaires and anomalies in reporting and recording rectified. It was analyzed using frequency, percentages, and explanations.

Descriptive analyses were used to describe different variables under study. Regression analysis used to explain the effect of the independent variable on the dependent variable. This was specifically to achieve objective one and two of the study. To determine the relationship between corporate governance practices and financial performance, Pearson's correlation coefficient was used.

Table 3.3 was used to interpret the means obtained from analysis of questionnaire responses. From the mean interval, response mode was assigned and hence interpretation.

Table 3. 3: Mean range interpretation

Mean Range	Response Mode	Interpretation
3.26-4.00	Strongly agree	Very high
2.51-3.25	Agree	High
1.76-2.50	Disagree	Low
1.00-1.75	Strongly disagree	Very low

3.9 Ethical Considerations

The researcher requested respondents to participate voluntarily under their consent. Explanation about the study for academic purposes was made to the respondents. Respondents were assured of maximum confidentiality of their identity; it would be concealed and not exposed to people around for identification.

3.10 Limitations of the Study

Intervening or confounding variables were beyond the researcher's control such as honesty of the respondents and personal bias. To minimize such conditions, the researcher requested the respondents to be as honest as possible and to be impartial when providing answers to the questionnaires.

The research environment had uncontrolled settings which may have had influence on data gathered such as comments from other respondents, tight work schedules, anxiety, work stress, other on the part of the respondents while on the process of answering the questionnaires. However, the researcher allowed two week for the respondent to fill and return the questionnaire.

CHAPTER FOUR

PRESENTATION, ANALYSIS OF FINDINGS AND INTERPRETATIONS

4.0 Introduction

This chapter presents the output of data analysis. The presentation is made in form of tables. The presentations are according to the three objectives of the study.

4.1 Background Information of Respondents

The background information of respondents was deemed necessary because the ability of the respondents to give satisfactory information on the study variables greatly depends on their background. The background information of respondents solicited data on the samples and this has been presented below categorized into; age, gender, levels of education, and work experience.

4.1.1 Gender of Respondents

The study examined and described the gender details of respondents and details of their respective gender are presented in table 4.1 below;

Gender	Frequency	Percent
Male	114	57.0
Female	86	43.0
Total	**200**	**100.0**

Source; Primary data, 2016

Table: 4.1 above reveals that 57% of the respondents were males and 43% were female. These findings suggest that UN employs more male than female employees. Since the majority are male. These finding are in line with most other researchers who have indicated in their studies as male employees being the majority.

4.1.2 Description of Age Groups of Respondents

The study obtained details about the age groups of the respondents for purposes of understanding their age. Details of the findings are shown in table 4.2 below;

Age Bracket	Frequency	Percent
18-25	38	19.3
26-35	81	40.4
36-45	44	21.9
46-55	23	11.4
56+	14	7.0
Total	**200**	**100.0**

Source; Primary data, 2016

From the table above it is clearly evident that the majority of the respondents are between the age bracket of between 26-35, followed by 36-45, 18-25, 46-55 and 56+ in the orders of 40.4%, 21.9%, 19.3%, 11.4% and 7.0% respectively. It can therefore be concluded that the majority of the respondents are in the most productive age brackets of their life and are reasonably experienced.

4.1.3 Work experience

The study investigated the length of period in years served by the respondents in businesses and the findings are presented in table 4.3 below

Work Experience	Frequency	Percent
Less than one year	33	16.7
1-3 years	81	40.4
3-6 years	44	21.9
6-10 years	23	11.4
Over 10 years	19	9.6
Total	**200**	**100.0**

Source; Primary data, 2016

In table 4.3 above, it can be revealed that majority of respondents have operated businesses for the period 1-3 years (46), followed by 3-6 years (25), then less than a year (19), 6-10 years (13) and lastly, over 10 years (11). These represent 40.4%, 21.9%, 16.7%, 11.4% and 9.6% respectively. This shows that majority of the respondents have been in the organization for over two years and have relevant experience and have knowledge required for this study.

4.1.4 Education Levels of Respondents

Details about the education levels of respondents were obtained and the results are revealed in table 4.4 below;

Education level	Frequency	Percent
Certificate	26	13.2
Diploma	58	28.9
Degree	37	18.4
Masters	63	31.6
Others	16	7.9
Total	**200**	**100.0**

Source: Primary data, 2016

In table 4.4 above, it can be revealed that majority of respondents hold certificates from tertiary institutions, followed by certificate, diplomas, degrees, masters and others qualifications in the orders of 13.2% 28.9%, 18.4%, 31.6%, and 7.9% respectively. Education is paramount as it provides a basis for determining the level of knowledge of the respondents considered in this study. This indicates that they had necessary knowledge about the subject matter and were able to independently fill the questionnaire.

4.2 Descriptive statistics

Descriptive statistics has been computed for each of the sub variables for both the independent variable and dependent variable. From the questionnaires, these statistics reveal how respondents responded on each of the statements provided

Table 4. 1: Descriptive statistics on accountability

Question	Mean	Construct Mean	Std Dev	Interpretation of mean
Management usually prepare periodic reports that give expenditures of Hybrid Operation in Darfur, Sudan	3.89	3.58	0.44	Very High
Accounting information, and communication systems ensure that the Hybrid Operation in Darfur's risk taking activities are within policy guidelines	3.21			
The board or audit committee approves the overall scope of review activities (such as audit)	3.73			
The accounting books are usually prepared and availed for inspection if need be.	3.56			
The public are availed with information on Hybrid Operation's investment undertakings and other expenditures	3.87			
Delegations are easily done to enable staff get exposed	3.20			
There are sufficient staff members who are competent and knowledgeable to manage affairs of the organization	3.64			

From table 4.5.1 above, it is indicated that the mean for accountability as a variable was computed to be 3.58. This mean value shows that accountability was very high in UN Hybrid Operation in Darfur. Computations also gave the standard deviation for accountability to be at 0.44 to mean that the responses regarding this variable were not very dispersed. This statistic is important as it shows how divided the opinions of the respondents were about this variable.

Because of the small value of standard deviation, it implies that the variable is an appropriate measure of corporate governance.

The highest rated statement under this construct was that "Management usually prepares periodic reports that give expenditures of Hybrid Operation in Darfur". This statement obtained a mean score of 3.89 and was therefore interpreted as very high. The lowest rated statement under the same variable was "Delegations are easily done to enable staff get exposed". This statement obtained a mean score of 3.20 and was also interpreted as high. These two statements marked the extreme ends of the variable.

Table 4. 2: Descriptive statistics on policies and procedures

Question	Mean	Construct Mean	Std Dev	Interpretation of mean
There is periodic assessment and reviews of policies and procedures that ensure that proper control have been established.	3.11	3.23	0.46	Very High
Audit reports are approved by the management and are always used for correct decision making.	3.45			
Processes exist to ensure independent assessment verification of an appropriate sample of transactions to ensure integrity	3.03			
There is control system in place which is known to financial managers to ensure that duties are performed	3.05			
Accounting system properly identify, assemble, record, and report an organization's transaction in accordance with accounting standard and polices	3.51			

Source; primary data, 2016

Table 4.5.2 above indicates the mean for policies and procedures as a sub variable of corporate governance practices; it was computed to be 3.23. This mean value was interpreted as high. This therefore suggests that staff of UN

Hybrid Operation in Darfur highly follow policies and procedures. Computations also gave the standard deviation for accountability to be at 0.44 to mean that the responses regarding this variable were not very dispersed. This statistic is important as it shows how realistic the mean values are a good measure about this variable. Because of the small value of standard deviation, it implies that the variable is an appropriate measure of corporate governance.

The highest rated statement under this construct was that "Accounting system properly identifies, assembles, record, and reports an organization's transaction in accordance with accounting standard and polices". This statement obtained a mean score of 3.51 and was therefore interpreted as very high. The lowest rated statement under the same variable was "Processes exist to ensure independent assessment verification of an appropriate sample of transactions to ensure integrity". This statement obtained a mean score of 3.03 and was also interpreted as very high. These two statements marked the extreme ends of the variable from which the standard deviation is obtained.

Table 4. 3: Descriptive statistics on sustainability

Question	Mean	Construct Mean	Std Dev	Interpretation of mean
There is adequate financial resource for effective administration of Hybrid Operation in Darfur, Sudan	2.11	2.25	0.43	High
The projects that are under Hybrid Operation in Darfur, Sudan achieve their targeted objectives	2.45			
Hybrid Operation in Darfur achieve that targets that are always set	2.03			
Hybrid Operation in Darfur are operated with minimal costs than estimated	2.02			
Hybrid Operation in Darfur have always produced required results	2.71			

Source; primary data, 2016

Table 4.5.3 above indicates the mean for sustainability as a sub variable of financial performance. It was computed to be 2.25. This mean value was interpreted as low. This mean value shows that sustainability of the UN Hybrid Operation in Darfur is low. Therefore, these results suggest that the operations of UN projects can be sustained in Darfur. The standard deviation for sustainability to be at 0.43 to mean that the responses regarding this variable were not very dispersed. This statistic is important as it shows how realistic the mean values are a good measure about this variable. Because of the small value of standard deviation, it implies that the mean value can used to draw the conclusion on this variable.

The highest rated statement under this construct was that "Hybrid Operation in Darfur has always produced required results". This statement obtained a mean score of 2.71 and was therefore interpreted as high. The lowest rated statement under the same variable was "Hybrid Operation in Darfur is operated with minimal costs than estimated". This statement obtained a mean score of 2.02 and was also interpreted as high. These two statements marked the extreme ends of the variable from which the standard deviation is obtained.

Table 4. 4: Descriptive statistics on expenditure control

Question	Mean	Construct Mean	Std Dev	Interpretation of mean
Financial management has been very effective management and this saves Hybrid Operation from losses of finances	3.61	3.60	0.46	Very High
Effective financial management has helped avert corruption at Hybrid Operation in Darfur, Sudan.	3.42			
Proper accountability is given by employees at Hybrid Operation in Darfur, Sudan.	3.43			
Expenditures are always made on items that have been budgeted for	3.40			
Expenditures are made only on important activities of Hybrid Operation in Darfur	3.86			
Expenditures are made only with appropriate approval and authorization	3.82			
Budgets are always prepared before incurring expenses	3.64			

Source; primary data, 2016

Table 4.5.4 above indicates the mean for expenditure controls as a sub variable of financial performance. It was computed to be 3.60. This mean value was interpreted very high. This mean value shows the opinions of respondents on UN Hybrid Operation in Darfur as far as expenditure controls are concerned. The standard deviation for sustainability to be at 0.46 to mean that the responses regarding this variable were not very dispersed. This statistic is important as it shows how realistic the mean values are a good measure about this variable. Because of the small value of standard deviation, it implies that the mean value can used to draw the conclusion on this variable.

4.3 Effect of accountability on financial performance of United Nations Hybrid Operation in Darfur, Sudan

The first objective was to identify the effect of accountability on financial performance of UN Hybrid operation in Darfur. It was intended to bring out the influence of accountability as a measure of corporate governance on financial performance of UN Hybrid operations in Sudan. The table below shows the results obtained from the regression analysis.

Table 4. 5: Regression analysis of Accountability against Financial performance

Table 4. 6: Regression analysis of Accountability against Financial performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.667[a]	.445	.441	.32592

a. Predictors: (Constant), Accountability

a) 4.8.1 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.329	1	11.329	106.647	.000[b]
	Residual	14.128	133	.106		
	Total	25.456	134			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), Accountability

b) 4.8.2 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	R Squared	Sig.
		B	Std. Error	Beta		
1	(Constant)	.924	.092		0.445	.000
	Accountability	.576	.056	.667		.000

a. Dependent Variable: Financial performance

As it can be seen from the table above, accountability had a significant influence on financial performance as the significance of the coefficient was computed at (0.000 < 0.05). It was weak in terms of its strength as it was computed at an R Squared coefficient of 0.445, which is less than 50%. It was interpreted as a weak influence on the financial performance of the UN hybrid operations in Darfur. The Beta coefficient of 0.667 indicates a more than average positive slope of the regression line.

Statistically, 44.5% of the variation in financial performance could be explained by the variations in accountability. The implication was that, accountability influenced 44.5% of the financial performance in the UN hybrid operations in Darfur in Sudan. This provides evidence to indicate that it is possible to the limit of 44.5% that the financial performance is as a result of accountability.

From interview with top level managers;
One respondent noted that *"if all employees adhere to corporate governance practices they can achieve the sustainability of UN operations in Darfur because there shall be assurance to the stakeholders...".* This is in line with the results from the questionnaires which has shown that corporate governance practices have significant effect on financial performance

4.4 Effect of policies and procedures on financial performance of United Nations Hybrid Operation in Darfur

The second objective was to identify the effect of policies and procedures on financial performance. This analysis was intended to find out how much internal policies can influence financial performance on UN hybrid operations in Darfur.

Table 4. 7: Regression Test Results on policies and procedures against financial performance

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.928[a]	.861	.860	.16304

a. Predictors: (Constant), policies and procedures

a) 4.9.1 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.838	1	21.838	821.578	.000[b]
	Residual	3.535	133	.027		
	Total	25.373	134			

a. Dependent Variable: Financial performance
b. Predictors: (Constant), policies and procedures

b) 4.9.2 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	R Squared	Sig.
		B	Std. Error	Beta		
1	(Constant)	.238	.046		0.861	.000
	Accountability	.800	.028	.928		.000

a. Dependent Variable: Financial performance

Findings suggested that policies and procedures had a very strong effect on financial performance. As shown in the table above, the R Squared for the model was computed to be at 0.861 and sig (0.000< 0.05) which depicts a very strong influence the specific variable had on financial performance the mean values were high, the regression results have yielded a strong positive effect. The Beta coefficient of 0.80 indicates a very steep positive slope of the regression line.

The implication in these findings was that 86.1% of the financial performance was influenced by adherence on policies and procedures. Statistically, 86.1%

of the variation in the financial performance could be explained by the variation in policies and procedures in UN hybrid operations in Darfur, Sudan. This further indicates that it is very possible that if accountability is increased in the organization, the financial performance will also rise significantly.

It was also reported *that some employees are distrustful and they do not follow policies which have affected some activities of UN operations. When policies are carefully followed, the no doubt success is achieved.*

4.5 The relationship between corporate governance practices and Performance of United Nations Hybrid Operation in Darfur, Sudan

The third objective of the study was to establish the relationship between corporate governance practices and financial performance in UN hybrid operations, Sudan. It is within this section where the hypothesis was tested. Relationships tested were; of their existence and strengths.

4.4.1 Correlations

Correlation dealt with the strength, direction and significance of the relationships, which were found to exist between the study's main variables. The test was carried using Pearson's linear correlation coefficients and the data summarized into a single table showing the pairs of the tested variables.

Table 4. 8: Correlation Table

		Sustainability	Expenditure control	Financial Performance
Accountability	Pearson Correlation	.667**	.930**	.874
	Sig. (2-tailed)	.000	.000	.000
	N	200	200	200
Policies and procedures	Pearson Correlation	.784**	.960**	.723**
	Sig. (2-tailed)	.000	.000	.000
	N	200	200	200
Corporate governance practices	Pearson Correlation	.270**	.221*	.650**
	Sig. (2-tailed)	.002	.010	.000
	N	200	200	200

Table 4.8 reveals results of relationship between corporate governance practices and financial performance in UN hybrid operations in Darfur. Findings indicate that there is a significant positive relationship between corporate governance practices and financial performance. Corporate governance practices as an independent variable was correlated with financial performance and gave a PLCC of 0.650 and significance level of (0.000 < 0.001) which means it was a significant positive relationship. Therefore, the null hypothesis is rejected.

CHAPTER FIVE
DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives a conception into the study findings and relating with findings with other researchers especially those included within the related studies in the literature review section. Conclusions and recommendations are then made basing on the findings.

5.1 Discussion of findings

Results revealed that accountability had a significant influence on financial performance as the significance of the coefficient was computed at 0.000. It was weak in terms of its strength as it was computed at an R Squared coefficient of 0.445, which is less than 50%. These results are in line with Musa (2006), who used regression analysis in his study and found a significant impact of corporate governance practices on financial performance. Further, Black, et.al, (2003), an attempt was made to find whether there is a significant relationship between corporate governance and share prices. The findings of the study showed that there is a significant relationship between corporate governance and share prices. Share prices were used as a measure of financial performance in their study. Still Wambua (2011) conducted a study on the effects of corporate governance on the financial performance of Sacco's in Kenya. He found that corporate governance affected the financial performance.

The second objective was to find the effect of policies and procedures on financial performance of UN hybrid operation in Darfur. Findings suggested that policies and procedures had a very strong effect on financial performance. As shown in the table above, the R Squared for the model was computed to be at 0.861 which depicts a very strong influence the specific variable had on financial performance the mean values were high, the regression results have yielded a strong positive effect. Millichamp, (1999) maintain that sound internal control system helps an organization to prevent frauds, errors and minimize wastage. Custody of assets is strengthened; it provides assurance to the management on the dependability of accounting data eliminates unnecessary suspicion and helps in maintenance of adequate and reliable accounting records. The procedures designed and security measures taken to safeguard assets are known as Physical Controls. However, Ndifon and Ejom (2014) found that there is no significant relationship between internal control activities and financial performance of Cross River State College of Education.

Findings of this indicate that there is a significant positive relationship between corporate governance practices and financial performance. These results are in line with Enobakhare (2010) who Corporate governance and bank performance in Nigeria and found strong positive relationship between corporate governance and financial performance. Further, Musa (2006) examined the impact of corporate governance on the performance and value of banks in Nigeria. Accordingly, the evidence from the study suggested that corporate governance has a significant impact on the performance of banks in Nigeria.

5.2 Conclusions

From the study findings, the following conclusions are drawn;
Accountability by employees has significant effect on financial performance of UN hybrid operations in Darfur, Sudan. If accountability is practiced, transparency is exhibited which leads to better financial performance.
Policies and procedures have very strong effect on financial performance. Following policies and procedures of the organization facilitates better performance. Better financial performance is dependent on how well employees follow policies and procedures; no matter at what level in the organization the employee is positioned.

On the third objective of the study, the researcher concludes that there is significant positive relationship between corporate governance practices and financial performance. Adherence on corporate governance practices causes better financial performance in organizations.

5.3 Recommendations

i) Recommend that managers should ensure that there is accountability for resources and show transparency in all transactions of matter concerning the organization.

ii) Management should regularly report to the stakeholders about the affairs of the organization in order to increase trust of management as expenditures are made.

iii) Managers should ensure that principles of corporate governance within their policies and procedures are adhered to and report on their compliance in their annual reports.

5.4 Areas for further research

The researcher suggest further research to be conducted on the following in order to fill the gaps that this has not filled since this study could to fill all the gaps that were not filled by earlier researchers.

1. Effect of stakeholder's participation and financial performance in nonprofit organizations
2. Effect of corporate governance on financial performance of listed companies
3. Effect of corporate governance on accountability

REFERENCES

Adams, M. and Mehran, J., (2003). Dominant Issue in the Nigeria Local Government System: A Contemporary focus. Lagos: Imprint Services, pp.5-6, 195.

Asian Development Bank (2003). *Corporate Governance principles*. Hermes Pensions Management

Bathala, C T and Rao, R P (1995): "The Determinants of Board Composition: An Agency

Batra, F. (1992). *Auditing, New Delphi*; Tata McGraw Hill publishing

Bebchuck, L., Cohen, A. and Ferrell, A. (2009), *''What matters in corporate governance?'*, Review of Financial Studies, Vol. 22 No. 2, pp. 783-827.

Berle, A. Jr and Means, G. (1932), *The Modern Corporation and Private Property,* The Macmillan Company, New York, NY. Quoted in Nina and petra (2009). Corporate governance, restricted stock awards, and IRC Section 83(b) election. Emerald Group Publishing Limited, VOL. 11 NO. 1 2011, pp. 54-63,

Black, B., Jang. H. and Kim, W. (2003), Does Corporate Governance affect Firm"s Value? Working paper 327. Stanford Law School. BOFIA, (1991), Banks and Other Financial Institutions Act.

Black, B.S., Jang, H. and Kim, W. (2006), "*Does corporate governance predict firms' market value?* Evidence from Korea", Journal of Law, Economics, & Organization, Vol. 22 No. 2, pp. 366-413.

Center for International Private Enterprise (2002) *Instituting corporate governance in Developing and Transitional Economies:* a Handbook. http://www.cipe.org/pdf/programs/corp_gov/CGHANDBOOK.pdf

Conger, J.A., Lawler III, E.E. and Finegold, D.L., (2001), Corporate Boards New Strategies for Adding Value at the Top. San Francisco, CA: Jossey-Bass.

Corporate Governance Mechanisms", *Journal of Banking and Finance*, 27, 793-

Cunningham, L. A. (2004). *The Appeal and Limits of Internal Controls to Fight Fraud*, Terrorism, Other Ills

Daily, C., Dalton, D. and Canella, A. Jr (2003), "*Corporate governance: decades of dialogue and data'*, Academy of Management Review, Vol. 28 No. 3, pp. 371-83.

De Paula, J (1990). *The Principles of Auditing*, London; Pitman publishing

Drimpetas E. (2009) Evaluating corporate governance and identifying its formulating factors. Case of Greece. Emerald Group Publishing Limited

Emasu, S. (2007) public financial management – Concepts & Practices

EnobakhareAmienyaru (2010), *Corporate governance and bank performance in Nigeria.* Published MBA thesis university of Stellenbosch

Fama, E. (1980), "*Agency problems and the theory of the firm", Journal of Political Economy,* Vol. 88 No. 2, pp. 288-307. Quoted in Nina and petra (2009). Corporate governance, restricted stock awards, and IRC Section 83(b) election. Emerald Group Publishing Limited, VOL. 11 NO. 1 2011, pp. 54-63,

financial performance of property management companies in Kenya. Unpublished

Firm Financial Performance in Nigeria"*, AERC Research Paper*, No. 149

Freeman, R., Wicks, C. and Parmar, B. (2004): Stakeholder Theory and The Corporate

Gompers, B., Häusler, F. and Gerd, G., (2003). The Insurance Industry, Systemic Financial Stability, and Fair Value Accounting, The Geneva Papers on Risk and Insurance, 29(1), 63-70.

Gompers, P., Ishii, J. and Metrick, A. (2003), "*Corporate governance and equity prices",* The Quarterly Journal of Economics, Vol. 118 No. 1, pp. 107-55. Quoted in Sylvie Berthelot, Tania M. and Cameron M. (2009). *Corporate governance rating and financial performance: a Canadian study.* VOL. 10 NO. 5 2010, pp. 635-646, Emerald Group Publishing Limited, ISSN 1472-0701

Gompers, P., Ishii, J. and Metrick, A., (2003), "Corporate Governance and Equity Prices". Journal of Economics. 118, February, pp. 107-155.

Gupta, P.P., Kennedy, D.B. and Weaver, S.W. (2006), "*Corporate governance scores,* Tobin's Q and equity prices: evidence from Canadian capital markets", working paper. Sylvie Berthelot, Tania Morris and Cameron Morrill (2009). *Corporate governance rating and financial performance:* A Canadian study. VOL. 10 NO. 5 2010, pp. 635-646, Emerald Group Publishing Limited, ISSN 1472-0701

Hayes, R. et al. (2005) Principles of Auditing. Pearson Education Ltd.

Institute of Corporate Governance of Uganda (2002) *Manual on Corporate Governance: Incorporating Recommended Guidelines for Uganda*.

International Social Security Association (2008). *Good Practices in Social Security. Enterprise-wide risk management.* A case of the National Social Security Fund.

Jensen, M. (2001), "*Value maximization, stakeholder theory and the corporate objective function'*, in Chew, D. and Gillan, S. (Eds), Corporate Governance at the Crossroads: A Book of Readings, McGraw-Hill/Irwin, New York, NY, pp. 7-20.

Jensen, M. (2001): "Value maximization, Stakeholders Theory and the Corporate

Khuran. J. (2004). *International Journal for Enhancing Corporate Governance. Corporate Governance 5th Intenrationala Conference on Corporate governance* 13th -14th May 2004, London

Kirkbride, J., Letza, S. and Smallman, C. (2009), "*Minority shareholders and corporate governance*; reflections on the derivative action in the UK, the USA and in China", International Journal of Law and Management, Vol. 51 No. 4, pp. 206-14.

Klapper, L. F. and Love, I. (2002) '*Corporate governance, investor protection, and performance in emerging markets*', Policy Research Working Paper Series 2818, The World Bank, Washington DC

Love I. and Rachinsky A. (2007), *Corporate Governance, Ownership and Bank*

Mace, M. (1971), *Directors: Myth and Reality*, Harvard Business School Press, Boston, MA. Quoted in Nina and petra (2009). Corporate governance restricted stock awards, and IRC Section 83(b) election. Emerald Group Publishing Limited, VOL. 11 NO. 1 2011, pp. 54-63.

Maher M. and Andersson T. (1999). *Corporate governance: effects on firm performance and economic growth.*

Maher, M. and Anderson, T., (1999), Corporate Governance: Effects on Firm Performance and Economic Growth. OECD, Paris, France.

Manasseh, P. N., (2007). *Principles of auditing. Nairobi*: McMore Accounting Books.

Masibo, J. (2005), "The relative power of CEO"s and Boards of Dirctors: Associations

Mawanda, S. P. (2008). Effects of Internal Control System on Financial Performance in Uganda's Institution of Higher Learning. Dissertation for award of MBA in Uganda Martyrs University.

MBA project. School of Business, University of Nairobi .

Millichamp, A.H. (1999). *Auditing*, (7th edition), London

Boston, MA

Musa, F.I., (2006), "The Impact of Corporate Governance on the Performance and Value of Banks in Nigeria: An Agency Approach". Nigerian Journal of Accounting Research. No. 4, June, pp 1-15.

Ndifon, E **and** Ejom**, P (2014)** The Impact of Internal Control Activities on Financial Performance of Tertiary Institutions in Nigeria. *Journal of Economics and Sustainable Development,* Vol.5, No.16

Nina D. and Petra S (2009). *Corporate governance, restricted stock awards,* and IRC Section 83(b) election. Emerald Group Publishing Limited, VOL. 11 NO. 1 2011, pp. 54-63.

Njoka P.G. (2010) *The relationship between corporate governance practices and*

Objective Function", *Journal of Applied Corporate Finance*

Objective Revisited, *Organization Science*, 15(3), 364-369

OECD, (1999). OECD Principles of corporate governance, Paris OECD.

Okeahalam C., 2004. *Corporate governance and disclosure in Africa: Issues and challenges. Journal of Financial Regulation and Compliance,* Vol. 12, No. 4, 2004, pp. 359–370. Henry Stewart Publications, 1358–1988

Ola (2004). *International Journal for Enhancing Corporate Governance*. Corporate Governance 5th Intenrationala Conference on Corporate governance 13th -14th May 2004, London

Olumbe, C. O. (2012). The relationship between internal controls and corporate Governance in commercial banks in Kenya, *Unpublished thesis*, University of Nairobi

Pech, R. and Durden, G. (2004), *"Where the decision-makers went wrong: from capitalism to cannibalism"*, Corporate Governance, Vol. 4 No. 1, pp. 65-75.

Performance in emerging markets: Evidence from Russia and Ukraine

Perspective conflicting Empirical Evidence, University Press, Princeton, NJ

Piesse's (2005), *Corporate Governance and Firm Performance in an International*

Rediker, K.J., and Seth, A., (1995), "Boards of Directors and Substitution Effects of Alternative Governance Mechanisms", Strategic Management Journal, 16: 85-99.

Rogers, M., (2008), Corporate Governance and Financial Performance of Selected Commercial Banks in Uganda. http://www.crrconterence.org.

Saleemi, N.A (1989). *Auditing Simplified, (6th Edition),* Nairobi; N.A Saleemi publishers.

Sanda, A., Mukaila, A. and Garba, T. (2005): "Corporate Governance Mechanisms and

Shleifer, A., and Vishny R., (1997), " A survey of corporate governance". Journal of Finance, 52. Pp 737-83.

Singh, M and Davidson III, W N (2003): "Agency Costs, Ownership Structure and

Sylvie Berthelot, Tania Morris and Cameron Morrill (2009). *Corporate governance rating and financial performance:* A Canadian study. VOL. 10 NO. 5 2010, pp. 635-646, Emerald Group Publishing Limited, ISSN 1472-0701

Teresa M. P. and Gilbert W. J. (2009). *Corporate governance and board equity Ownership.* Emerald Group Publishing Limited, VOL. 11 NO. 2 2011, pp. 200-213

Theory Perspective", *Managerial and Decision Economics,* 16, 59-69

Verschoor, C. C. (1999). Corporate Performance: Link to strong ethical commitment.

Wee, Goh, B. (2009). Audit committees, board of directors, and remediation of material weaknesses in internal control. *Contemporary Accounting Research*, 26 (2), 549-579

with Corporate performance", *Strategic Management Journal,* 12(2), pp.20

Young, B (2003): "Corporate Governance and Firm Performance: Is there a Relationship?", *Ivey Business Journal Online*, 1-4

APPENDICES

APPENDIX A
RESEARCH INSTRUMENTS

1. QUESTIONNAIRE

Introduction

Dear sir/madam, my name is Samuka Donzo a student at Kampala international university and I am carrying out an academic research entitled **"Corporate governance practices and financial performance United Nations Hybrid Operation in Darfur, Sudan".** You have been selected to participate in this study and all the information provided will be kept with utmost confidentiality and used for academic purposes only. Thank you for your cooperation.

Background information (Tick appropriately)

1.	Sex	a) Male b) Female
2.	Age	a) 18- 25 b) 26- 35 c) 36- 46 d) 46-55 e) 56 above
3.	Job experience (how many years have you worked in the current position?)	a) 0-2 years b) 3-5 years c) 6-10 years d) 11 and above years
4.	Qualifications	a) Certificate b) Diploma c) Degree d) Masters e) Others (specify)

QUESTIONNAIRE ON CORPORATE GOVERNANCE PRACTICES

Direction 1: Please write your rating on the space before each option which corresponds to your best choice in terms of corporate governance practices. Kindly use the scoring system below:

Response Mode		**Rating**	**Description**
Strongly Agree	(SA)	4	Very Satisfied
Agree	(A)	3	Satisfied
Disagree	(D)	2	somewhat dissatisfied
Strongly Disagree	(SD)	1	Dissatisfied

Accountability	**1**	**2**	**3**	**4**
Management usually prepare periodic reports that give expenditures of Hybrid Operation in Darfur, Sudan				
Accounting information, and communication systems ensure that the Hybrid Operation in Darfur's risk taking activities are within policy guidelines				
The board or audit committee approves the overall scope of review activities (such as audit)				
The accounting books are usually prepared and availed for inspection if need be.				
The public are availed with information on Hybrid Operation's investment undertakings and other expenditures				
Delegations are easily done to enable staff get exposed				
There are sufficient staff members who are competent and knowledgeable to manage affairs of the organization				

Policies and procedures	1	2	3	4
There is periodic assessment and reviews of policies and procedures that ensure that proper control have been established.				
Audit reports are approved by the management and are always used for correct decision making.				
Processes exist to ensure independent assessment verification of an appropriate sample of transactions to ensure integrity				
There is control system in place which is known to financial managers to ensure that duties are performed				
Accounting system properly identify, assemble, record, and report an organization's transaction in accordance with accounting standard and polices				

QUESTIONNAIRE ON FINANCIAL PERFORMANCE

Response Mode		Rating	Description
Strongly Agree	(SA)	4	Very Satisfied
Agree	(A)	3	Satisfied
Disagree	(D)	2	somewhat dissatisfied
Strongly Disagree	(SD)	1	Dissatisfied

Sustainability	1	2	3	4
There is adequate financial resource for effective administration of Hybrid Operation in Darfur, Sudan				
The projects that are under Hybrid Operation in Darfur, Sudan achieve their targeted objectives				
Hybrid Operation in Darfur achieve that targets that are always set				
Hybrid Operation in Darfur are operated with minimal costs than estimated				
Hybrid Operation in Darfur have always produced required results				

Expenditure control	**1**	**2**	**3**	**4**
Financial management has been very effective management and this saves Hybrid Operation from losses of finances				
Effective financial management has helped avert corruption at Hybrid Operation in Darfur, Sudan.				
Proper accountability is given by employees at Hybrid Operation in Darfur, Sudan.				
Expenditures are always made on items that have been budgeted for				
Expenditures are made only on important activities of Hybrid Operation in Darfur				
Expenditures are made only with appropriate approval and authorization				
Budgets are always prepared before incurring expenses				

INTERVIEW GUIDE

1. In your opinion does corporate governance practices have an influence on financial Performance at Hybrid Operation in Darfur, Sudan?
2. How does Hybrid Operation in Darfur, Sudan sustain itself?
3. Are there any challenges faced while trying to ensure corporate governance practices at Hybrid Operation in Darfur, Sudan? If any, explain?
4. Do employees adhere to rules of information disclosure at Hybrid Operation in Darfur, Sudan?