

THE RELATIONSHIP BETWEEN CONTROL ENVIRONMENT AND PERFORMANCE OF POST BANK AT KANUNGU AND NTUNGAMO DISTRICT BRANCHES. A CROSS-SECTIONAL STUDY.

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Abstract.

Background.

An effective control environment is where competent people understand their responsibilities, and the limits to their authority and are knowledgeable, mindful, and committed to doing what is right and doing it the right way. The control environment encompasses technical competence and ethical commitment. This study aimed to assess the relationship between the control environment and the performance of Post Bank at Kanungu and Ntungamo.

Methodology.

A correlation case study design was used. The respondents were selected randomly and purposively. Primary data was collected using the Questionnaires with support from an interview guide and documentary review. Data was analyzed using the SPSS package and descriptive, correlation, and regression analyses were carried out to establish relationships between the variables.

Results.

The majority 28 (80%) of the respondents were males and 26 (74.3%) were at Bachelor's degree level. 31 (88.6%) of the respondents stated that ethical values were upheld in all management decisions, 30 (85.7%) of the respondents agreed that management promotes high integrity standards, 29 (82.9%) of the respondents agreed that job description exists in the bank, 17(48.6%) of the respondents agreed that turnover rate is monitored by HR and 27 (77.1%) of the respondents stated that there is an open communication to and from HR-department as stated.

Conclusion.

The control environment has a significant effect on performance. This means that any efforts put in the Control environment in the form of; upholding ethical values, maintaining an approved code of ethical conduct, creating free and open channels of communication plus monitoring the turnover rate may increase performance at Post Bank.

Recommendation.

Management of Post Bank should strengthen the approved ethical code of conduct for the promotion of high integrity standards to avoid cases of fraud which may affect the performance of the bank.

Keywords: Relationship between control environment and performance, Post bank, Ntungamo district.

Submitted: 2024-08-20 Accepted: 2024-09-26

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Background.

The control environment is the control consciousness of an organization; it is the atmosphere in which people conduct their activities and carry out their control responsibilities. An effective control environment is an environment where competent people understand their responsibilities. An effective control environment is where competent people understand their responsibilities and the limits to their authority and are knowledgeable, mindful, and committed to doing what is right and doing it the right way. They are

committed to following the bank's policies and procedures and its ethical and behavior standards. The control environment encompasses technical competence and ethical commitment; it is an intangible factor that is essential to effective internal control (Sampson, 1999). The control environment is one of the key components of an institution's internal control; it sets the tone of an institution, influences the control consciousness of all people within the organization, and is the foundation for all other components of the internal control system (Ramos,2004). According to

Tone at the Top Magazine Nov/December edition, (2006) which was published exclusively for senior management, boards of directors, and Audit committees, the Institute of Internal Auditors underlines that a strong tone at the top plays a pivotal role because the control environment represent the bank's first line of defense to mitigate the risk of financial reporting errors. Research proved that commitment to strong internal control by the top management is often translated into better performance.

The board of directors and senior management are responsible for promoting high ethical integrity standards and for establishing a culture within the bank that emphasizes and demonstrates to all levels of personnel the importance of internal controls. All personnel at the banking institution need to understand their role in the internal control process and be fully engaged in the process (Audit Report, 2011). Lloyd, (2005) asserts that the way financial institutions use money is not irrelevant from a moral and ethical perspective. Crime, pollution, corruption, violation of human rights, threats to human life, totalitarian regimes, and all sorts of wrongdoing need and use money every year. Financial institutions play a key role in the supply and movement of money. In this essay, we intend to draw attention to the key roles the banking industry plays in the supply chain of money. Money plays a key role in the supply chain and that is not morally or ethically avoidable anymore to investigate and actively question how banks are using that supply chain to channel money, with financial practices that can be fueling wrongdoing in the world.

However, banks that charge excessive interest rates, abusive commissions, or ultra-profitable credit charges that go beyond reasonable standards for taking an extra benefit from a specific situation in detriment to their customers are guilty of usury (Heffernan, 2005). She further contends that financial institutions which consistently engage in usury are accordingly a subject of our concern. While we do not necessarily endorse bureaucratic regulations, which may be excessively burdensome and counterproductive, we do expect banks to act morally concerning lending practices within their organizations which are potentially usurious. Our concern is that banks are frequently charging excessive rates and imposing unfair advantages for themselves upon customers. We expect banks to take care to implement policies that prevent wrongdoing in the form of usury and similar sorts of abusive practices. An essential element of an effective system of internal control is a strong control culture. It is the responsibility of the board of directors and senior management to emphasize the importance of internal control through their actions and words. This includes the ethical values that management displays in their business dealings, both inside and outside the institution. The words attitudes and actions of the board of directors and senior

management affect the integrity, ethics, and other aspects of the bank's control culture (Audit Report, 2011).

Internal control is the responsibility of everyone in the bank. Almost all employees provide information used in the internal control system or take other actions needed to effect control. An essential element of a strong internal control system is the recognition by all employees of the need to carry out their responsibilities effectively and to communicate to the appropriate level of management problems in the operations, instances of noncompliance with the code of conduct, or other policy violations or illegal actions that are noticed. This can best be achieved when operational procedures are contained in clearly written documentation that is made available to all relevant personnel. All personnel within the bank must understand the importance of internal controls and be actively engaged in the process.

Human resources cover several areas for both managerial and non-managerial employees such as compensation, hiring and selection, staffing, training, work organization, and employee involvement. Since employee satisfaction is one of the links in the service-profit chain, we may expect human resource management to be a key driver of employee performance and hence organizational performance. A recast in terms of literature on banking efficiency, these findings imply that some of the inefficiencies in banking may be attributed to the inefficient management of human resources (Lloyd, 2005). The core of any institution is its people and they are the engine that drives the institution. Individual attributes and the environment in which they operate determine the success of the institution and the control environment as established by the institution's administration sets the tone of an institution and influences the control consciousness of its people Rae&Subramaniam (2006). Control environment factors include; integrity and ethical values, the competence of the bank's staff, leadership philosophy, and operating style. The way management assigns authority and responsibility and organizes its people Subramanian et al., (2006). Human-resource policy, including proper assignment of authority and responsibility, adequate training and promotion, and compensation guidelines, greatly influences the control environment. An institution structure that is inappropriate for the bank's tasks causes bottlenecks in information flow, and results in the unclear assignment of responsibility preventing the accomplishment of the bank's objectives (Griffiths, 2006). Effective human resource policies and procedures enhance an institution's control environment. These policies and procedures should address hiring, orientation, training evaluations, counseling, promotions, compensation, and disciplinary actions. If an employee does not comply with the institution's policies and procedures or behavioral standards, Administrative procedures, business and finance

bulletins, Employee Handbook, or purchasing manual, the bank must take appropriate disciplinary action to maintain an effective control environment. The control environment is greatly influenced by the extent to which individuals recognize that they will be held accountable (Sampson, 1999). Dezoort and Salterio, (2001) give an account of how management is responsible for creating a positive control environment, and how employees are responsible for helping to maintain this environment. The architecture of a human resource management system provides a high-level framework, while policies bring this framework closer to an operational level. System architecture and operational decisions should properly be aligned if human resource management is to deliver value added.

In large complex organizations such as banks, different sub-systems of human resources management govern different groups of employees and these sub-systems should also be properly aligned (Griffiths, 2006). Governance is the influence on an organization exercised by the executive body or the chief executive that governs it. The executive body may be a board of directors, board of trustees, council, legislature, or similar entity. The chief executive may be the president, chancellor, commissioner, chief judge, or an individual elected or appointed as the highest-ranking person in the institution. Their governance responsibilities are usually founded in a constitution, charter, laws, bylaws, regulations, and other similar documents. The leadership, actions, and tone established and practiced by the governing body/executive can have a profound impact on how the employees of the institution perform their responsibilities, which in turn affects the achievement of the bank's mission. Among critical areas influenced by the governing body are: Approving and monitoring the bank's mission and strategic plan, Establishing, practicing, and monitoring the bank's values and ethical code, Overseeing the decisions and actions of senior managers, Establishing high-level policy and institution structure, Ensuring and providing accountability to stakeholders, Establishing the overall management style, philosophy and Directing management oversight of key business processes (Boakye, 1997).

However, not only at the top management level but building a strong consciousness of control mechanisms throughout the bank's culture is one of the ways to ensure an effective control environment in the enterprise (Institute of Internal Auditors, 2005). While having a strong internal control culture does not guarantee that an institution will reach its goals, the lack of such a culture provides greater opportunities for errors to go undetected or for improprieties to occur. From the study, it was found out the Human resource policy was revised and several factors were changed to suit the demands of the staff. Hard-reach

allowance was approved for staff members at the Kanungu branch. They limit their authority and are knowledgeable, mindful, and committed to doing what is right and doing it the right way to achieve the institutions' objectives and performance (sack, 2007). Control environment components include the bank's structure, human resource policies and procedures, responsibilities of each staff, competence levels, and quality of the audit committee. Effective human resources policies and procedures enhance the Bank's control. This study therefore aimed to assess the relationship between the control environment and the performance of Post Bank at Kanungu and Ntungamo district branches.

Methodology. Research Design.

The study adopted a correlation case study research design. The case study design was used to enable the researcher to conduct an intensive and descriptive analysis of a single entity; post bank- Kanungu branch, with the hope that the findings would apply to other banks in Uganda and possibly elsewhere in the world. The correlation design enabled the researcher to assess the degree of the relationship between the variables. This is in line with Amin (2005); Mugenda & Mugenda (2003); and Sarantakos, (2005), who concur that these are the most commonly used research methods in social sciences to gather data from a scattered sample of a population at a particular time using a one-time investigation. Using these designs, the researcher was able to gather information about the people's attitudes, practices, opinions, and concerns. Under the two designs two approaches were used namely qualitative and quantitative approaches during data collection and analysis thus the study gives more accurate results and an in-depth understanding of the variables (Amin, 2005).

Study population.

A target population of 50 subjects was considered for the study and they were distributed as follows; 34 officers (15 staff from the operations section, 15 staff from the credit section 4 staff from sales), 10 supervisors, and 6 key informants (2 managers of post bank, 2 customers and 2 board members). It is from this population that a representative sample was selected.

Sample size and selection.

The sample size was 44 (30 officers, 8 supervisors, and 6 key informants). These were determined using the table provided by Krejcie and Morgan as cited by Amin (2005).

Table 1: Showing the study population, sample size, and sampling procedure.

Category	Population	Sample	Sampling technique
Officers	34	30	Simple random
Supervisors	10	8	Simple random
Customers	2	2	Purposive
Board members	2	2	Purposive
Managers	2	2	Purposive
Total	50	44	

Source: Post bank personnel list (2013).

Probability Sampling.

Probability sampling is where every unit of the population has a chance that is greater than zero of being selected in the sample and this probability can be accurately determined. Probability sampling includes simple random sampling, systematic sampling, stratified sampling, and cluster sampling. For this study, the simple random technique was used.

Simple Random sampling.

Simple random sampling is a situation where all members of the population have an equal chance of being selected (Sekaran, 2003). It includes a roulette wheel method; where all members of the population are systematically assigned numbers that are written at equal intervals on the circumference of a wheel. The study employed simple random sampling of the Lottery method to select officers and customers. The procedure was preferred because these are different stakeholders at the bank and handling different activities thus giving each member in that institution an equal and independent chance of selection would reduce bias considering the sample required.

Nonprobability Sampling.

This is mainly used when adequate sampling frames are not available. Examples include convenience sampling, purposive sampling Quota sampling, and Snowball sampling. The study employed purposive sampling where the researcher used his judgment or experience in selecting elements in a sample. It was employed on the customers, board members, and managers because of the numbers and their stakes per the study variables bearing in mind the timeframe for the study. This is in line with Sekaran (2003) and Amin (2005)

Data collection methods.

Data collection methods lend themselves to primary and secondary categories entwined in both Quantitative and qualitative methods. Primary data are those data collected for the first time and thus happen to be original while

secondary data are those which have already been collected by someone else and have already been passed through the statistical process (Kothari, 1985 & Sekaran, 2003). Data for this study was derived from both primary and secondary sources. To investigate the variables of the study exhaustively, the researcher used a combination of data collection methods by way of methodological triangulation. This was done to enable the various methods to complement one another, thereby making up for the weaknesses in each method. As a result, the researcher was able to capture a more comprehensive variety of information, reveal more discrepancies in the data collected, and eliminate more biases than would have been possible had a single method been used. This is in line with (Mugenda and Mugenda, 2003). Primary data was obtained using two methods: the questionnaire survey method and interviews. Secondary data was obtained using a documentary review.

Questionnaire Method.

This was the major means of collecting primary data. The questionnaire survey method was used on 38 respondents who were selected to participate in this study and whose particulars appear in Table 1 above. This method was preferred because the study involved variables that required respondents' views, opinions, and feelings and because of their convenience and the ability to attract a huge number of respondents. This is in line with (Amin, 2005). The cross-ended structured questionnaires were pretested and standardized for use.

Interview method.

The interview method was done with only six (6) respondents (Customers, Board members, and Managers) to supplement the data obtained from the questionnaires. The interviews were conducted face-to-face by the research assistants to reduce bias. The interview method was preferred for these respondents because the researcher intended to capture in-depth, accurate, and sensitive information that could not be obtained using the questionnaire method and the above respondents were

considered as the key informants that would supply such information to the researcher (Webster, 1985).

Documentary review.

Documentary review was used to review the existing literature related to the study to either find gaps that would be filled by the study or evidence that would support or contradict the quantitative and qualitative findings. Such documents include; compliance and audit reports previously carried out at the branch. This method was preferred because it enriched the study with secondary data, and gave the researcher a foundation to establish whether a similar study has ever been carried out elsewhere (Borthwick, 2009).

Data collection instruments.

The quality of research to a large extent depends on the quality of data collection instruments, interview guides, and questionnaires are probably the most commonly used research tools (Silverman, 2006).

Questionnaires.

A questionnaire is a structured technique for collecting data. It is generally a series of written questions for which the respondents have to provide the answers (Bell, 1999). The study used a questionnaire as the major instrument for collecting primary data. Close-ended Questionnaires were designed in five Likert itemized rating scales of 1 to 5 (5-strongly agree, 4-agree, 3-not sure, 2-disagree, 1-strongly disagree). It was preferred because of its convenience, its anonymous nature, and as an efficient means of collecting both qualitative and quantitative data to make triangulation feasible (Sekaran, 2003; Amin, 2005).

Interview Guide.

An interview guide was used to carry out face-to-face interviews with key informants. This was done to supplement the information gathered through the questionnaires. The interview guide allowed probing for questions in addition to pre-determined questions to elicit detailed and precise data. This helped in digging deep into the issues under investigation (Mugenda and Mugenda, 2003).

Documentary review Checklist.

A documentary review checklist was used to guide the study and review key documents to gather related information about the study variables.

Validity.

The study ensured the validity of the questionnaire and the interview guide by seeking the judgment of two UMI consultants who supervised the study. The questionnaire items were first tested on language clarity, relevance, and comprehensiveness to ensure the accuracy and meaningfulness of inferences in collecting accurate data. The researcher then continued to make adjustments. A coefficient of validity index was computed to ascertain the extent to which the content of the instrument corresponded to the concept it was designed to measure using the formulae below; That is Content Validity Index (CVI) = $\frac{\text{No. of items rated valid by all judges}}{\text{Total no. of items in the instrument}}$ = $\frac{60}{74} = 0.81$

Total no. of items in the instrument 74. According to Amin (2005) a content validity index of 0.7 and above qualifies the questionnaire as a valid instrument to be adopted for use. For this study, a content validity of 0.81 (81%) was established thus the questionnaire used was appropriate since it measured what it intended to measure.

Reliability.

Reliability is the consistency of your measurement or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects (Bell, 1999). The study employed a test-retest method of testing reliability. The researcher used this method because it provides evidence that scores obtained on a test at one time (test) are the same or close to the same when the test is re-administered some other time (retest) thus proving its reliability. The instrument (questionnaire) was pre-tested on 4 selected respondents from equity banks because they were not to take part in the study to ensure consistency and comprehensiveness. After, an internal consistency method of Cronbach's alpha was employed because the questionnaire was designed in a Likert scale type and the data collected was interval data. The aim was to find out how well the items in the set are positively correlated to one another. This is elaborated on in the table.

Table 2: showing the results of reliability.

Variable	No. of items	First test	Second test	After datacollection
Control environment	10	0.761	0.864	0.793
Control activities	15	0.812	0.871	0.752
Risk management	15	0.752	0.822	0.761
Performance of post-bank	15	0.752	0.822	0.761
All variables	55	0.867	0.768	0.822

Source: Field data 2014

The results in Table 2 indicated a high coefficient for all the variables which meant that the instrument had good test-retest reliability. According to Amin (2005), an alpha of 0.5 or higher is sufficient to show reliability. This is in agreement with Sekaran (2003) who stressed that the closer the reliability is to 1, the higher the internal consistency of reliability. The method of test-retest helped in capturing the two different meanings of reliability, true consistency, and internal consistency given that all variables had their alpha exceeding 0.5. The method was chosen because it attempts to minimize random error and hence increase the reliability of the data collected.

Procedure of Data Collection.

The procedure of data collection involved getting a letter from the Uganda Management Institute that was presented to the manager of Post Bank Kanungu and Ntungamo where the study was carried out. Upon acceptance from management, two research assistants were recruited and trained to carry out data collection exercises. Questionnaires were distributed to various respondents and interviews were carried out. A period of time was ascertained on when they shall be collected and the data analysis followed.

Data Analysis.

Data analysis is the process of bringing order, structure and meaning to masses of collected data. The purpose of analyzing data is to obtain usable and useful information (Borthwick, 2009). From the field, quantitative data was checked and checked and sorted, to ensure completeness, especially of questionnaires. It was coded and computed using Statistical Package for Social Sciences (SPSS). This generated descriptive statistics such as frequencies and percentages that were presented in the form of figures and tables to facilitate a quick analysis of the data. On the other hand, qualitative data was edited and studied to ensure consistency and accuracy right away in the field.

Quantitative Data Analysis.

Quantitative data was analyzed using descriptive statistics techniques techniques of; the mean, mode, and standard deviation. For appropriate analysis and summary, those

rated strongly agree and agree were simply regarded as “agree” while those rated strongly disagree and disagree were regarded as “disagree”. The correlations were arrived at using inferential statistics of Pearson product-moment product-moment. The choice of this technique is based on the research design moreover in social science research, the interest is in understanding and controlling relationships between variables than determining their causes (Mugenda and Mugenda, 2003; Kothari, 2003; Amin, 2005). Regression analysis of linear regression was computed to determine the level of significance by looking at the strength of the relationship among the variables under study.

Qualitative Data Analysis.

The process of Qualitative Data analysis mainly involves two things; writing and identification of themes (Silverman, 2006). Questionnaires were reviewed thoroughly, and interviews were transcribed, sorted, and classified into themes and categories to support the hypotheses set. Qualitative data obtained during interviews and document analysis was integrated into quantitative analysis in the form of paragraphs, and personal communication as evidence-based verbatim quotations from respondents. The above technique was preferred because it explained the quantitative data by adding quality to the information produced.

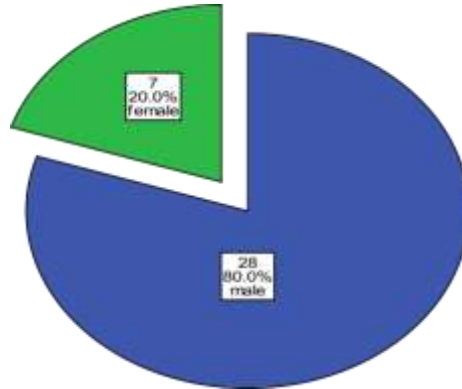
Measurement of Variables.

An interval scale was used to measure both the independent and the dependent variables. Five Likert scale points were used whereby 5=strongly agree, 4= agree, 3= undecided, 2=disagree, and 1=strongly disagree. The respondent's ticket is in the box along with the question to indicate their level of agreement or disagreement using the scale. This was preferred because it eases coding and analysis of the results. Besides it's the most frequently used summated scale in the study of social attitudes that is user friendly which makes units equal (Kothari, 2003).

Results.

Background characteristics of Respondents.

Figure:1 showing distributions of Respondents by Gender



Source: Field data 2014

Figure 1: shows that the majority, 28 (80%) of the respondents were males while 7 (20%) of the respondents were females. This implies that there are more male staff than females as many female staff shun working upcountry

as captured from the human resource records specifically staff lists (2013).

Respondents by the Education Level.

Table 3: Showing the educational level of respondents.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Certificate/Diploma	7	20.0	20.0	20.0
Bachelors	26	74.3	74.3	94.3
Post Graduate	2	5.7	5.7	100.0
Total	35	100.0	100.0	

Source: Primary Data 2014.

Table 3: shows that 7 (20%) were at Certificate/Diploma level, 26 (74.3%) were at Bachelor's degree level, 2 (5.7%) respondents were at Post graduate diploma level. Therefore, since the majority of the respondents, 26 (74.3%) had Bachelor's degrees, it implied that the bank recruits more

degree holders to run its operations and affect the internal control measures. It also explained why respondents who participated in the study interpreted and answered the questions very well.

Table 4: Showing respondents' employment positions.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Officer	30	85.7	85.7	85.7
Customers	5	14.3	14.3	100.0
Total	35	100.0	100.0	

Source: Field data 2014

Table 4: indicated that, majority 30 (85.7%) of the respondents for the study were officers, and only 5 (14.3%) were customers. This implies that the bank has more officers

who could easily be accessible to participate in such studies. This is supported by the human resource records like the staff lists (2012).

Table 5: showing respondents' period of service.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-3 years	18	51.4	51.4	51.4
4-6 years	12	34.3	34.3	85.7
7-9 years	2	5.7	5.7	91.4
10 and above	3	8.6	8.6	100.0
Total	35	100.0	100.0	

Source: Primary Data 2014.

Table 5: revealed that a significant number of respondents 18 (51.4%) have worked with post bank Kanungu branch for a period between 1- 3 years, while 12 (34.3%) have worked for 4-6 years, 2 (5.7%) have worked for 7-9 years and 3 (8.6%) have spent 10 and above years working with the

bank. This could imply that the majority of respondents had good background knowledge about the study variables.

Control environment and performance of Post Bank.

Table 6: Description of control environment by Respondents.

Control environment		Frequencies and percentage responses				
		SA	A	N	D	SD
1.	Ethical values are upheld in all management decisions.	13 (37.1%)	18 (51.4%)	03 (8.6%)	01 (2.9%)	-
2.	The bank has an approved code of ethical conduct.	16 (45.7%)	17 (48.6%)	02 (5.7%)	-	-
3.	Management promotes high integrity standards.	14 (40.0%)	16 (45.7%)	04 (11.4%)	01 (2.9%)	-
4.	Staff is trained in anti-ethicalpractices.	07 (20.0%)	16 (45.7%)	08 (22.9%)	04 (11.4%)	-
5.	Unethical behaviors are punishable	15 (42.9%)	16 (45.7%)	03 (8.6%)	01 (2.9%)	-
6.	HR goals are in line with those ofthe bank.	17 (48.6%)	15 (42.9%)	03 (8.6%)	-	-
7.	There is open communication toand from the HR-department.	10 (28.6%)	17 (48.6%)	04 (11.4%)	04 (11.4%)	-
8.	Job description exists in the bank.	15 (42.9%)	14 (40.0%)	04 (11.4%)	02 (5.7%)	-
9.	Job openings are offered to current employees.	09 (25.7%)	18 (51.4%)	05 (14.3%)	03 (8.6%)	-
10.	The turnover rate is monitored by the HR	08 (22.9%)	09 (25.7%)	14 (40.0%)	03 (8.6%)	01 (2.9%)

Source: Primary Data 2014

Key: SA = Strongly Agree, A = Agree, N = Not Sure, D = Disagree, SD = Strongly Disagree.

Table 6: shows that ethical values were upheld in all management decisions since the majority of 31 (88.6%) of the respondents stated so. Only 01 (2.9%) respondent disagreed with the statement whereas 03 (8.6%) respondents were undecided. This therefore implied that the bank's decisions were in line with the approved ethical standards for all commercial banks which have facilitated the bank's better performance. This was supported by the interview findings from one of the managers when he said "Values are like principles and in management a principle is a principle

you either abide by in decision making or resign your position".

Besides that, the bank had an approved code of ethical conduct since the majority 33(94.3%) of the respondents stated so whereas 02 (5.7%) were undecided. This implies that there were fewer cases of ethical misconduct since there was a Human resource policy document elaborating the approved code of conduct. This was confirmed by one board member when he said "By the way I have never called here for any indiscipline case.....it seems here staff work as per

their job descriptions following the code of ethical conduct as approved by BOU". Furthermore, the management promotes high integrity standards since only 30 (85.7%) of the respondents agreed with the statement, 01(2.9 %) of the respondents disagreed whereas 04 (11.4%)of the respondents were not sure. Moreover, Staff are trained in anti-ethical practices since the majority 23 (65.7%) of the respondents agree with the statement, only 4 (11.4%) of the respondents disagree with the statement whereas 08 (22.9%) are not sure. This implied that the staff at post-Bank Kanungu and Ntungamo branches have work-related skills that are professional and ethically upright which facilitated better performance. This was confirmed by the internal control workshop reports found at the branches. In addition to that, unethical behaviors were punishable. 31 (88.6%)of the respondents agreed with the statement, 01 (2.9%) of the respondents disagreed with the statement whereas 03(8.6%) were not sure. This implied that supervisors at post bank consider ethics of the staff to be an engine of performance. This was confirmed by one supervisor when he said that "unethical behaviors are categorized under indiscipline and they are punishable since they performance" Further still, HR goals are in line with those of the bank since the majority 32 (91.4%) of the respondents stated so, whereas 03 (8.6%) of the respondents were undecided. This implied that strategic management for improved performance was honored. This was supported by the bank's operations policy. There is open communication to and from the HR department as stated so 27 (77.1%) of the respondents, disagreed, 04 (13.3%) respondents disagreed with the statement whereas 04 (13.3%) respondents were undecided. This implied that information flowed very well to and from the HR department as all channels of

communication were open which leads to effective communication. This was supported by the bank's operations policy. From Table 6, it can be said job description exists in the bank since 29 (82.9%) of the respondents agreed with the statement, 02 (5.7%) of the respondents disagreed with the statement whereas 04 (13.3%) were undecided.

Moreover, job openings are offered to current employees since the majority 27 (77.1%) of the respondents stated so, 03 (8.6%) of the respondents disagreed with the statement whereas 05 (14.2%) of the respondents were undecided. All these were indicators that each staff knows what he or she is meant to be doing and achieving the branch. Besides that, the turnover rate is monitored by HR since the majority 17(48.6%)of the respondents agreed with the statement, 04 (13.4%) of the respondents disagreed whereas 14 (40%) of the respondents were not sure. This implied that the post bank carries out human resource forecasts to enable the bank to be supplied with the human resources required at all times in order not to compromise their performance and also endeavors to facilitate present employees to keep them with the institution for a period. This was confirmed by the bank's human resource periodic report of December 2012.

Hypothesis testing.

To find out whether there was a significant relationship between the control environment and the performance of Post Bank a correlation analysis was computed, examined, and interpreted using the Pearson product moment correlation co-efficient method. The results are elaborated below.

Table 7: showing the Correlations between control environment and performance of post bank.

	control environment-related variables	performance of post-bank
Control environment Pearson Correlation	1	.410*
related variables Sig. (2-tailed)		.014
N	35	35
Performance of post-Bank Pearson Correlation	.410*	1
Bank Sig. (2-tailed)	.014	
N	35	35

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

Table 7: indicates that the Pearson correlation ($r = 0.410$), the significance value $p (.014)$, N represents the number of respondents (35). The control environment indicates a

moderate strength of association ($r = 0.410$) and the correlation was statistically significant (high) because $p = .014 < 0.05$. This implied that the control environment was

positively related to the performance of Post Bank and therefore does support the hypothesis that there was a significant relationship between the control environment and the performance of postBank.

Regression analysis.

A regression analysis was done to ascertain the extent to which the control environment explains the performance of the post bank.

Table 8: showing a Model Summary of the control environment and performance of Post Bank.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410 ^a	.168	.143	.443

Predictors: (Constant), control environment-related variables

The Model Summary in Table 8, revealed that the correlation coefficient (*R*), using the predictor; control environment, was .410 and the *R*² (.168). The *R* demonstrated correlation; *R*² demonstrated how a set of independent variables explained variations of a dependent variable on a sample population where whereas adjusted *R*² demonstrated the percentage of variance the independent variable explains the dependent variable on the target population (Mugenda and Mugenda, 1999). This implied that 16.8% (.168*100%) of the performance of Post Bank was explained by the control environment on a sample population where whereas 14.3% (.143*100) of the performance of Post Bank was explained by the control environment on the target population, while the remaining percentage can be explained by other factors. Therefore, this can be interpreted that if the Post Bank Kanungu branch can maintain an effective control environment, the bank's performance can be maintained.

From the findings, we accept the hypothesis that there is a significant relationship between the control environment and the performance of Postbank Kanungu and Ntungamo.

Discussion of findings.

Relationship between Control environment and performance at PostBank.

Control environment was examined under the components of; ethical values and human resource policy. Study findings revealed a positive correlation between the Control environment and performance at Post Bank. This implies that when the banks' environment is controlled performance is likely to change. Conversely, the findings imply that a controlled environment increases the bank's performance and the reverse is true.

The findings of the current study were cross-referenced with those of scholars and they indicate some level of corroboration. For example, the findings in chapter four indicate that by upholding ethical values performance has improved at Post Bank. This corroborates with by Lloyd, (2005) who asserts that the way financial institutions use money is not irrelevant from a moral and ethical perspective.

Subramanian et al., (2006) assert that the control environment should display strong ethical values. This is also supported by the Audit report (2011) which asserts that the words, attitudes, and actions of the board of directors and senior management affect the integrity, ethics, and other aspects of the bank's control culture thus impeding performance. The findings of the current study especially on the issue of human resource policy agree closely with the views of Rae & Subramaniam (2006) when they expressed that the core of any institution is its people and they are the engine that drives the institution. They are supported by Griffiths & Krishnan (2005); Dezoort and Salterio (2001); and Griffiths (2006) who assert that effective human resource policies and procedures enhance an institution's control environment and thus improve performance. All in all, the importance of a controlled environment cannot be underplayed if the Post Bank Kanungu branch is to continuously improve its service delivery. There is a strong need for the bank to ensure that their employees have ethical values and align their personal goals with the bank's goals ultimately if these are done, improved performance at Post Bank is likely to occur.

Conclusion.

The control environment has a significant effect on performance. This means that any efforts put in the Control environment in the form of; upholding ethical values, maintaining an approved code of ethical conduct, Staff training in anti-ethical practices, reprimanding unethical behaviors, aligning HR goals with those of the bank, creating free and open channels of communication plus monitoring the turnover rate may increase performance at Post Bank.

Limitations of the Study.

The fact that the study was carried out among Post Bank employees by a fellow employee (researcher) most of the respondents were at first hesitant to respond timely to the instruments. They thought it was an investigation being carried out which may eventually pin them down at one point in time.

Recommendation.

Management of Post Bank should strengthen the approved ethical code of conduct for the promotion of high integrity standards to avoid cases of fraud which may affect the performance of the bank.

The head of Human resources should set human resource goals that are in line with those of the bank by following the human resource policy since human resources are the most vital part of the bank, they determine the performance.

Acknowledgment.

My sincere thanks go to my supervisors, Mr. Adrian Beinebyabo and Mr. Alfred Kenneth Kiiza for their professional guidance, patience, sharing of expertise, and academic experience throughout the study period.

I want to sincerely thank the staff of Post Bank Uganda Limited for their positive attitude toward the study, for providing valuable information, and for their willingness to participate in this study, especially by responding timely to the questionnaires administered.

Special thanks go to my parents, my wife Priscilla Nakamya, and my son Kalton Macha; I have to confess that all their efforts have not been put to waste. Their support, encouragement, and advice will always be treasured.

I will forever be indebted to my class group members, especially Amos and Geoffrey; friends most especially Lilian and Carol for their support, encouragement, and contributions in one way or another towards making my dream come true. I will always treasure them.

List of abbreviations.

BOU: Bank of Uganda.
SPSS: Statistical Package for Social Sciences.
%: Percentage.
CVI: No. of items rated valid by all judges.
HR: Human Resource.

Source of funding.

The study was not funded.

Conflict of interest.

There is no conflict of interest.

Author's biography.

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