The core objective of this research is to study the importance of social relationships for developing an understanding of actual board behaviour, and governance in the Uganda banking industry. The board of directors exist in a complex network of relationships between executive (inside) directors, non-executive (outside) directors, and a variety of other external stakeholders.

These relationships have different value and impact on shaping board behaviour, governance and ultimately their effectiveness, yet boards are so often treated as homogenous groups. Using the lens of social capital, this study seeks to develop our knowledge and a holistic understanding of these relationships in relation to boards of directors.

Research Question

'What is the impact of social capital on directors’ ability to govern Uganda banks?'

Literature

What is social capital?

- A collective or public good [Fukuyama 1997, 2000; Putnam 2000, 2003; Cook 2007; Huber 2008; Roman 2011]

Two-dimensional focus on social capital

- Relational: explores the contributions directors’ ties bring to the directors’ governance work.
- Cognitive: explains the values, norms, reciprocity, and civic responsibility the directors have, and how these are shared between them and those embedded in their social relationships.

Social Capital and boards of directors

- Ties to other firms: This is a “single” tie that links one director’s home firm to the focal firm.
- Personal relationships and affiliations: Social capital in the form of personal relationships has been argued to affect the incentives of directors (Adler & Kwon, 2002; Westphal, 1999), group dynamics (Forbes & Miliken, 1999), and may compromise their independence but also may facilitate more open communication.

Problem

Qualitative analysis of board culture would include for example who comprises it, how do they receive their information and shape their knowledge of the organisation, how (where and with whom) do they discuss matters, how do they reach decisions, what expectations do they have of each other, how they “know” and evaluate these expectations (Pye, 2002).

Very little research has generated this kind of approach. The study of how social ties influence board behaviour and governance can help us understand these questions better and hence increase our understanding of how boards work (Stevenson and Radin, 2009).

This indicates a need to concentrate on the relations with others as the social capital of board members and its influence on board behaviour and governance.

Objective

To study the impact of social relationships for developing an understanding of actual board behaviour, and governance in the Uganda banking Industry.

Research Methodology

- Multiple case study design
- Semi structured interviews
- Document analysis
- Multi-methods approach – Dominant less dominant study
- Thematic analysis
- MAXQDA

Contribution

- This research contributes to the literature on boards of directors and social capital through its investigation of the impact of social capital on directors’ ability to govern Uganda banks.
- A two-dimensional investigation of social capital contributes to a unique understanding of the interrelatedness of the two dimensions of social capital within the Uganda banks.