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Original Article

Relationship between risk management and performance of Post Bank at Kanungu and Ntungamo district branches. A cross-sectional study.

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Abstract.

Background:
The risk management strategy must be integrated with the overall corporate strategies. The basic risk management process that is generally accepted is the practice of identifying, analyzing, measuring, and defining the desired risk level through risk control and risk transfer. This study aimed to assess the relationship between risk management and the performance of Post Bank at Kanungu and Ntungamo district branches.

Methodology:
A cross-sectional 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:
28 (80%) of the respondents were males, 30 (85.7%) of the respondents for the study were bank officers, 26 (74.2%) of the respondents indicated that there exists a risk management policy in the bank, 26 (71.4%) of the respondents agreed that staff understands ways of identifying risk; 26 (74.2%) of the respondents agreed that management appropriately evaluates risks and 24 (68.5%) of the respondents agreed that the bank's policy encourages training programs in risk management.

Conclusion:
Risk management has an effect on performance at Post Bank. This means that if there exists a risk management policy in the bank that is operational, the bank's policy encourages training programs in risk management, there is proper risk monitoring, risk assessment is done at all levels of the bank, then performance will increase.

Recommendation:
Management should seek Staff opinion in designing the risk management policy such that it becomes much easier for them to own up in case a risk occurs and seek an adequate solution without necessarily seeking management decision.

Keywords: Post bank at Kanungu and Ntungamo, The relationship between risk management and performance.
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Background.
A risk management framework is important for banks. The risk management strategy must be integrated with the overall corporate strategies. In conjunction with the underlying frameworks, **the** basic risk management process that is generally accepted is the practice of identifying, analyzing, measuring, and defining the desired risk level through risk control and risk transfer. Boston Consulting Group (2001) asserts that it is important for the staff of banking institutions to understand the aspect of risk in the banking operations and the risks that are inherent and exposed in their business operations. A better understanding of risk management is also necessary, especially in financial intermediation activities, where managing risk is one of the important activities. The study group further found that the sole determining success factor is not the technical development but the ability to understand risk strategically, and also the ability to handle and control risk organizationally. Equally important, in order to realize a risk-based management philosophy, the attitude and mindset of the employees need to be changed, whereby they must be brought to understand that managing risk is crucial for success.

The first task of risk management is to classify the corporate risk according to its different types. The first step in organizing the implementation of the risk management function is to establish the crucial observation areas inside and outside the corporation. Then the departments and the employees must be assigned responsibilities to identify specific risks. For instance, interest rate risks or foreign exchange risks are the main domain of the financial department.

Management should first identify major objectives that, if achieved, will improve operational and financial performance and, in the long run, the overall company objectives. Management should then look at risk, or put simply, what can go wrong, and then identify critical success factors that must go right to provide the greatest likelihood of success. Thereafter, management decides what activities are needed to deal with the risks identified before controls are designed to ensure the actions are in fact carried out. Roles are also established and built into job descriptions or performance contracts. The entire

process is then monitored to ensure it delivers through changing circumstances. An early warning system is a special information system enabling the management board to identify risks in time by observing the development of defined indicators. Other instruments that could be used to identify risks are checklists of possible disturbances or breakdowns, risk workshops, examination of corporate processes, internal inspections and interviews, loss balance, to mention a few.

It is advisable to make use of the knowledge and skills of external experts, for instance, forecasts of banks about the development of interest rates or foreign exchange rates (Luck, 1998). There are many other approaches for risk identification, for instance, scenario analysis or risk mapping. An organization can identify the frequency and severity of the risks through risk mapping, which could assist the organization to stay away from high-frequency and high severity risk. Risk identification process includes risk ranking components where these rankings are usually based on impact, severity, or dollar effects (Barton et l.2002). The analysis helps to sort risks according to their importance and assists the management to develop risk management strategy to allocate resources efficiently. In relation to commercial banks' practice of risk management. Al-Tamimi (2000) found that the commercial banks were mainly facing credit risk. The study also found that inspection by branch managers and financial statement analysis are the main methods used in risk identification. The main techniques used in risk management are establishing standards, credit score, credit worthiness analysis, risk rating, and collateral.

Risk assessment of COSO expects that after risks have been identified, a risk analysis is performed to prioritize those risks. A complete risk assessment encompasses the assessment of the likelihood of risk occurring as well as the estimation of quantitative and qualitative costs of the potential risk. An effective internal control system requires that the material risks that could adversely affect the achievement of the bank's goals be recognized and continually assessed. This assessment should cover all risks facing the bank and the consolidated banking organization (that is, credit risk, country and transfer risk, market risk, interest rate risk, liquidity risk, operational risk, legal risk, and reputational risk. Internal controls may need to be revised to appropriately address any new or previously uncontrolled risk (Palfi and Muresan, 2009

In practice, it is useful to classify the different risks according to the amount of damage they possibly cause (Fuser et al, 1999). This classification enables the management to divide risks that are enabling to threat the existence of the corporation from those that can only cause slight damage. Frequently, there is an inverse relationship between the expected amount of loss and its corresponding likelihood, that is risks that will cause a high damage to corporation like earth quakes or fire, occur seldom, while risks that occur daily, like interest rate risks or foreign exchange risks, often cause only relatively minor losses, although these risks can sometimes harm the corporations seriously. As part of its assessment process, PBU identified bank fraud as one possible area of loss due to fraudulent activities, given high volumes of transactions, and to minimize the risk, PBU identified stringent control by investing in an online real-time account monitoring system with its bankers.

Banks are in the business of risk-taking Cahill, 2006). Consequently, it is imperative that, as part of an internal control system, these risks are recognized and continually assessed. From an internal control perspective, a risk assessment should identify and evaluate the internal and external factors that could adversely affect the achievement of the banking organization's performance, information, and compliance objectives. This process should cover all risks faced by the bank and operate at all levels within the bank. It differs from the risk management process, which typically focuses more on the review of business strategies developed to maximize the risk/reward tradeoff within the different areas of the bank. Effective risk assessment identifies and considers internal factors (such as the complexity of the organization's structure, the nature of the bank's activities, the quality of personnel, organizational changes, and employee turnover) as well as external factors (such as fluctuating economic conditions, change in the industry and technological advances) that could adversely affect achievement of the bank's goals. This risk assessment should be conducted at the level of individual businesses and across the wide spectrum of activities and subsidiaries of the consolidated banking organization. This can be accomplished through various methods. Effective risk assessment addresses both measurable and non-measurable aspects of risk and weighs the costs of controls against the benefits they provide.

Banks must have regular management information systems for measuring, monitoring, controlling, and reporting different risk exposures. Steps that need to be taken for risk measurement and monitoring purposes are establishing standards for categorization and review of risks, consistent evaluation, and rating of exposures. Risks that banks take up must be monitored and managed efficiently Luck, 1998). Banks should do stress testing to see the effects on the portfolio resulting from different potential future changes. The areas a bank should examine are the effects of downturn in the industry or economy and market risk events on default rates and liquidity conditions under which a bank's positions would be vulnerable, and the possible responses to such situations. The banks should have contingency plans that can be implemented under different scenarios. This study aimed to assess the relationship between risk management 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 be applicable 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, and 4 staff from sales), 10 supervisors, and 6 key informants (2 managers of the 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).*

Sampling techniques and procedure.

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 the purpose of this study 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 by the Lottery method to select officers and customers. The procedure was preferred because these are different stakeholders at the bank and handling different activities, giving each member in that institution an equal and independent chance of selection would reduce bias, considering the sample size required.

Non-probability 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 own judgment or experience in selecting elements in a sample. It was employed on the customers, board members, and managers because of their numbers and their stake, as per the study variables, bearing in mind the time frame for the study. This is in line with Sekaran (2003) and Amin (2005)

Data collection methods.

Data collection methods blend themselves into 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 in character, while secondary data are those that have already been collected by someone else and have already been passed through the statistical process (Kothari, 1985 & Sekaran, 2003). Data for this study were 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 weakness in each method. As a result, the researcher was able to capture a more comprehensive variety of information, to reveal more discrepancies in the data collected, and to 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 by means of 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 questionnaire was 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 so as to reduce bias. The interview method was preferred for these respondents because the researcher intended to capture in-depth, accurate, and sensitive information, which could not be obtained using the questionnaire method, and the above respondents were considered as the key informants who would supply such information to the researcher (Webster, 1985).

Documentary review.

Documentary review was used to review the existing literature related to the study in order 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, giving 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 of 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 scale of 1to 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 so as 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 of key documents with the intention of gathering 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 in order 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) =$\frac{\text{No. of items rated valid by all judges}}{60} = 0.81$

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 conditions with the same subjects (Bell, 1999). The study employed 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 Bank, because they were not to take part in the study, to ensure consistency and comprehensiveness. After, an internal consistency method of the 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 data collection
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 the 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 the data collection exercise. Questionnaires were distributed to various respondents, and interviews were carried out. A period of time was ascertained for when they shall be collected, and then 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 were checked and sorted to ensure completeness, especially of questionnaires. It was coded and computed using the 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 were analyzed using descriptive statistics 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. 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 rather than determining their causes (Mugenda and Mugenda, 2003; Kothari, 2003; Amin, 2005). Regression analysis of linear regression analysis 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 involves mainly two things: writing and identification of themes (Silverman, 2006). Questionnaires were reviewed thoroughly, interviews transcribed, sorted, and classified into themes and categories in order to support the hypotheses set. Qualitative data obtained during interviews and document analysis were integrated into quantitative analysis in the form of paragraphs, personal communication as evidence based on verbatim quotations from respondents. The above technique was preferred because it gave an explanation to 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 variable. Five Likert scale point was used, whereby 5=strongly agree, 4= agree, 3= undecided, 2=disagree, and 1=strongly disagree. The respondents tick in the box along 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.

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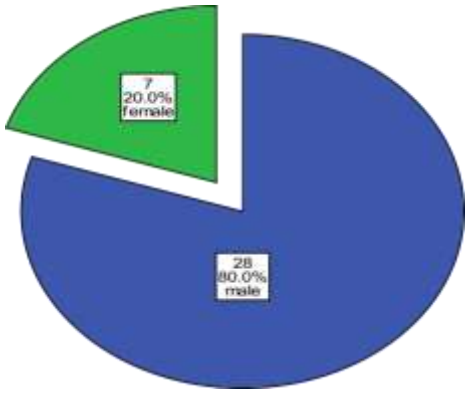
Figure:1 showing distributions of Respondents by Gender.



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 female staff, as many female staff shun working upcountry, as captured from the human resource records, specifically staff lists (2013).

Respondents by 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, and 2 (5.7%) respondents were at Postgraduate 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	CumulativePercent
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 indicates that 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 thestaff 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 the 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.

Relationship between Risk management and performance of Post Bank.

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Table 6: Description of risk management by Respondents.

Risk management		**Frequencies and percentage responses**				
		SA	**A**	**N**	**D**	**SD**
1.	There exists a risk management policy in the bank.	11 (31.4%)	15 (42.9%)	08 (22.9%)	01 (2.9%)	-
2.	The effectiveness of risk Management is central to the branch. performance.	11 (31.4%)	15 (42.9%)	06 (17.1%)	03 (8.6%)	-
3.	Staff understand ways of identifying risk.	08 (22.9%)	17 (48.6%)	05 (14.3%)	03 (8.6%)	02 (5.7%)
4.	Management appropriately evaluates risks.	05 (14.3%)	21 (60.0%)	07 (20.0%)	02 (5.7%)	-
5.	The bank's policy encouragestraining programs on risk management.	05 (14.3%)	19 (54.3%)	06 (17.1%)	03 (8.6%)	02 (5.7%)
6.	Staff are provided with resources tomitigate risk.	04 (11.4%)	19 (54.3%)	06 (17.1%)	05 (14.3%)	01(2.9%)
7.	Management addresses technology issues in the risk assessment process.	04 (11.3%)	22 (62.9%)	04 (11.4%)	03 (8.6%)	02 (5.7%)
8.	There is competent staff to manage The bank's risk department.	08 (22.9%)	21 (60.0%)	03 (8.6%)	02 (5.7%)	01 (2.9%)
9.	There is proper risk monitoring.	07 (20.0%)	19 (54.3%)	07 (20.0%)	02 (5.7%)	-
10.	Internal controls are revised to address new risk threats.	06 (17.1%)	20 (57.1%)	04 (11.4%)	04 (11.4%)	01 (2.9%)
11.	Risk assessment is done at all times	08	17	08	01	01

	levels of the bank.	(22.9%)	(48.6%)	(22.9%)	(2.9%)	(2.9%)
12.	Monitoring the effectiveness of risk management is an integral part of routine management reporting.	09 (25.7%)	16 (45.7%)	06 (17.1%)	03 (8.6%)	01 (2.9%)
13.	The level of controls is appropriatefor risk mitigation.	10 (28.6%)	19 (54.3%)	05 (14.3%)	01 (2.9%)	-
14.	The bank's management regularly reviews the organizations performance in managing business risk.	06 (17.1%)	20 (57.1%)	07 (20.0%)	02	-
15.	The bank views the supervisory role of bank of Uganda as criticalin risk management.	12 (34.3%)	14 (40.0%)	08 (22.9%)	-	01 (2.9%)

Source: *Primary Data*

Table 6: explains that 26 (74.2%) of the respondents indicated that there exists a risk management policy in the bank; 26 (74.2%) of the respondents indicated the effectiveness of risk management is central to branch performance; 25 (71.4%) of the respondents agreed that staff understands ways of identifying risk; 26 (74.2%) of the respondents agreed that management appropriately evaluates risks; 24 (68.5%) of the respondents agreed that the bank's policyencourages training programs in risk management; 23 (65.7%) of the respondents agreed that staff is provided with resources to mitigate risk; 26 (74.2%) of the respondents agreed that management addresses technology issues in risk assessment process; 28 (80%) of the respondents indicated that there is competent staff to manage the banks risk department; 26 (74.2%) of the respondents agreed there is proper risk monitoring; 26 (74.2%) of the respondents agreed that internal controls are revised to address new risk threats; 25 (71.4%) of the respondents are in agreement with the statement that risk assessment is done at all levels of the bank; 25 (71.4%) of the respondents agreed that monitoring the effectiveness of risk management is an integral part of routine management reporting; 29 (82.8%) of the respondents agreed that the level of controls is appropriate for risk mitigation; 26 (74.2%) of the respondents indicated that the banks management regularly reviews the organizations performance in managing business risk; 26 (74.2%) of the respondents agreed that the bank views the supervisory role of Bank of Uganda as a critical in risk management.

Hypothesis testing

To ascertain whether there was a significant relationship between risk management and the performance of Post Bank, a correlation analysis was computed.

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Table 7 shows the correlations between risk management and the performance of Post Bank.

		Performance of PostBank	Risk management-related variables
Performance of PostBank	Pearson Correlation	1	.658**
	Sig. (2-tailed)		.000
	N	35	35
Risk management-related variables	Pearson Correlation	.658**	1
	Sig. (2-tailed)	.000	
	N	35	35

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

Table 7: Illustrated correlations between risk management and performance of Post Bank. The findings indicated the Pearson correlation (r = 0. 658), the significance value p (.000), and N represents the number of respondents (35). Risk management indicated a high strength of association (r = 0.658), and the correlation was statistically significant (very high) because p =.000 < 0.01. This implied that risk management was positively related to the performance of Post Bank and therefore does support the hypothesis that there was a significant relationship between risk management and the performance of Post Bank.

Regression analysis

A regression analysis was further done to ascertain the extent to which the control environment explains the performance of Post Bank. Below was the table indicating the summary of the results;

Table 8 shows the Model Summary of risk management and performance of Post Bank.

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.658[a]	.433	.416	.366

a. Predictors: (Constant), risk management-related variables.

Table 8: Revealed that the correlation coefficient *(R),* using the predictor, risk management, is .658 and the *R2* (.433). The R demonstrated correlation; *R2* demonstrated how a set of independent variables explained variations of a dependent variable in a sample population, whereas adjusted *R2* demonstrated the percentage of variance the independent variable explained in the dependent variable in the target population. This implied that 43.3% (.433*100%) of the performance of Post Bank is explained by risk management on a sample population, where as 41.6% (.416*100) of the performance of Post Bank was explained by risk management on the target population, while the remaining percentage can be explained by other factors. Therefore, this can be interpreted that if the two branches can keep risk management practices, the bank's performance may be maintained. From the above analysis, the results indicated a 43.3% relationship, and we thus accept the hypothesis results that there was a significant relationship between risk management and performance of Post Bank Kanungu and Ntungamo Branches.

Discussion of results.

Relationship between risk management and performance at Post Bank.

The third objective of the study was to ascertain the relationship between risk management and performance at Post Bank Kanungu. The objective considered the banks' institutions' reaction towards: Risk identification, Risk assessment and analysis, plus Risk monitoring vis-à-vis performance. The findings revealed a positive correlation between Risk management and performance at Post Bank. This corroborates with Boston Consulting Group (2001); Puasenberger and Nassuer (2000), who ascertained that it is important for staff of banking institutions to understand the aspect of risk in the banking operations and the risks that are inherent and exposed in their business operations, and that t is important to ensure that the risk management function is established throughout the whole corporation. Onyango (2007) further contends that any bank first has to have in place an effective process to identify risk and measure its potential impact. Study findings also indicate that management appropriately evaluates risks this corroborates with Cahill's (2006) and Sawyer's (2003) findings that Banks are in the business of risk-taking. Consequently, it is imperative that, as part of an internal control system, these risks be recognized and continually assessed by evaluating the risks to determine which are controllable by the bank and which are not. Further still, findings indicate that there is proper risk monitoring at Post bank, which is in line with Tamimi and Al-Mazrooei (2007); Pausenberger and Nassauer (2005); Luck (1998), and Khan & Ahmad (2001) who found out that Banks must have regular management information systems for measuring, monitoring, controlling, and reporting different risk exposures.

Conclusion.

Risk management has an effect on performance at Post Bank. This means that if there exists a risk management policy in the bank that is operational, staff understand ways of identifying risk, Management appropriately evaluates risks, the bank's policy encourages training programs in risk management, there is proper risk monitoring, Risk assessment is done at all levels of the bank, then performance will increase.

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 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 should seek Staff opinion in designing the risk management policy such that it becomes much easier for them to own up in case a risk occurs and seek an adequate solution without necessarily seeking management decision.

The risk management policy of the bank should be operationalized by making it available to staff whenever they need it. This helps the staff adapt to it much faster, rather than waiting for risk to occur.

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List of abbreviations.

PBU: Post Bank Uganda.
SPSS: Statistical Package for the Social Sciences.
CVI: No. of items regarded relevant by judges.
%: Percentage.
BOU: Bank of Uganda

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There is no conflict of interest.

Author's biography.

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