



MANAGERIAL COMPETENCE, RISK TAKING BEHAVIOUR AND FINANCIAL SERVICE OUTREACH

Abstract

The purpose of the study was to examine the relationship between Managerial competence, risk taking behavior and financial service outreach. Interest in this study was as a result of the prevalence of many microfinance institutions but the people accessing financial services are not increasing according to the Finscope report of 2010. The study therefore sought to determine if this could be attributed to Managerial Competence or risk taking behavior

A cross sectional survey design was used to undertake this study using a sample of 52 microfinance firms with particular focus on financial service outreach thus the focus of the survey questions.

Findings reveal that Managerial competence and Risk taking behavior enhances the financial service outreach accounting for 28.8% of the variance. This study implies that managerial competence operate in a synergic way to affect outreach performance in Microfinance Institutions. However, managerial competence is the most important predictor in this study explaining financial service outreach variance. And risk taking behaviour mediates the effect of managerial competence in enhancing outreach performance.

Despite the limitations of the study, which have to be confirmed in future research, the research may encourage management to employ a suitable skilled man power that adds value to the firm in order to boost the capacity of Microfinance Institutions in Eastern Uganda. The paper adds value to the existing literature on microfinance institutions by promoting careful selections and training of managers as a key to enhance outreach in MFIs.