

**ASSESSMENT OF THE EFFECTS OF CORPORATE GOVERNANCE
CODES ON CORRUPTION IN TANZANIA'S PUBLIC SECTORS**

**ASSESSMENT OF THE EFFECTS OF CORPORATE GOVERNANCE CODES ON
CORRUPTION IN TANZANIA'S PUBLIC SECTOR**

By

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**A Dissertation submitted in partial fulfillment of the requirements for the award of Master
of Science in Accounting and Finance (MSc A&F) of Mzumbe University**

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Declaration

I, Asha Juma Bajwalah, do hereby declare that this proposal is entirely my own composition and that it has not been presented and will not be presented to any other University for similar or any other degree award and, therefore, all references made to works of other persons have been duly acknowledge.

Signature.....

Date

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Dedication

The dissertation is dedicated to my lovely father Juma .A. Bajwalah, who always encouraged me to aim higher and achieve more in studies and to my late beloved mother, Pilly Ramadhan, for raising me in a good way.

Abbreviations and Acronyms

ACMF	African Capital Market Forum
BCCI	Bank of Credit and Commerce International
CACG	Commonwealth Association for Corporate Governance
CCM	Chama Cha Mapinduzi
CIPE	Centre for International Private Enterprise
FSRP	Financial Sector Reform Programme
IDRC	International Development Research Center
IMF	International Monetary Fund
LGRP	Local Government Reform Programme
MDG	Millennium Development Goals
NACSAP	National Anti-Corruption Strategy and Action Plan
NEPAD	New Partnership for African Development
OECD	Organization for Economic Cooperation and Development.
PCCB	Prevention and Combating of Corruption Bureau
PFMRP	Public Financial Management Reform Programme
PSRP	Public Service Reform Programme
UK	United Kingdom
UNDP	United Nations Development Programme
URT	United Republic of Tanzania
USA	United States of America

Abstract

This study intended to assess the effects of corporate governance codes on corruption in Tanzania. Specifically it had three objectives; to assess whether corporate governance codes were adhered to in public sector, to assess the impact that corporate governance codes had on corruption eradication campaign in public sector and, finally, to identify key challenges faced by the public sector on corporate Governance codes.

The study had a sample of 40 respondents that were selected on a convenient basis in the ten selected public institutions. Due to time and financial constraints the study involved public institutions in Morogoro region only. The study was descriptive in nature and survey-based. Hence it used interview, questionnaire method in the collection of primary data and observations and documentation in secondary data.

Findings from the field of study revealed the following; first corporate governance codes were adhered to within the selected public institutions and, secondly, corporate governance codes of ethics had an impact on eradicating corruption practices. Moreover, corporate codes enabled the achievement of transparency in the public conduct of government officials, enhanced accountability and adherence to professional ethics by the public sector staff. The study also identified key challenges in making the codes of ethics practical and these included lack of financial resources to assess effectiveness of corporate governance codes of ethics and awareness creation campaigns, absence of employees commitment to avoid corruption due to employees' own behaviors, inefficiencies in public offices operations for instance payment to suppliers of various resources, negative attitudes of staff built on the existing codes of ethics and, lastly, lack of awareness on the roles played by the codes of ethics.

In conclusion, the study suggested that in order to combat corruption in Tanzania and to improve the state of good governance, a systematic approach has to be undertaken. This involves effecting major changes to the current corporate codes of ethics as well as emphasizing on the need for board of directors and high government officials to make sure they work in the best interest of all individuals rather than for their self-gains.

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CHAPTER ONE

INTRODUCTION

1.1 Background information

Over the past decades or so, the pre-occupation in many economies has been on fiscal and monetary stabilization. There is now a need to shift attention and the focus of policy makers to cope with policies and structures occurring on implementation of those structural adjustments and privatization programmes. Accordingly, in the Commonwealth countries, there is need for micro-economic policy instruments which will support the macro-economic policies arising from this transition. Corporate governance can be considered a powerful micro-policy instrument and an effective lever for change at the business enterprise and sector level. This can constitute an essential ingredient to the post-privatization environment. Hence, the emphasis through the CACG Guidelines is on both private sector and state-owned enterprise such as non-governmental organizations and agencies. (CACG 1999)

In recent years, the public sector in Tanzania has made a number of developments on the improvement of the management of its business affairs. The new developments include, among other things, an improvement of the internal control system, reduction of bureaucracy on delivering services to customers and, to some extent, reduction of the corrupt practices by public officials. These developments, to a great extent, were made possible by the adoption of the good governance policy as emphasized by the government of United Republic of Tanzania (Sitta 2005)

Soon after Warioba's report, in 1999 the government of Tanzania prepared the National Anti-Corruption Strategy and Action Plan (NACSAP) which among other things emphasized on the establishment of the rule of law and legal framework, attainment of financial discipline in public institutions and reformation of the public services. The government did that to rectify the weaknesses observed by Warioba's report as well as to achieve good governance which was the key requirement by that time for attainment of the Millennium Development Goals (MDG's). The government also established the Human Rights Commission in 2002 and developed so many

reform programmes such as Public Service Reform Programme (PSRP), Local Government Reform Programme (LGRP), Public Finance Management Programme (PFMRP), Legal Sector Reform Programme (LSRP) and Financial Sector Reform Programme (FSRP). Establishment of all these aimed at facilitating achievement of good governance outcome through the improvement of the public services delivery. For example, it was reported that, the NACSAP was established by the government of Tanzania purposely to improve the quality of public service delivery through establishment of effective and transparent system of procedures and regulations, development of organizational capacity to deliver high quality standard of services and development of public awareness on procedures, standards of services, codes of conduct and their right in general. NACSAP was, in short, established to create a strong relationship between the government, civil society and private sector which would, in turn, be an important relationship in the fight against corruption (Sitta 2005)

Other measures reported include, the adoption of democratic policies in 1990. Just like during the policy of socialism and self reliance, also the government of Tanzania and other stakeholders had so many expectations that democratic policies will minimize corruption. It was believed that democracy will bring about greater accountability and transparency into governance. But what happened was quite different from the expectations.

According to a report of the analysis of the country's governance provided by the former Tanzania Prime Minister Joseph Warioba (1998), eight years after the adoption of the democratic policies, corruption had penetrated to the core of the Tanzanian society and become widespread. In his report Judge Joseph Warioba mentioned several factors which are the causes of widespread corruption in Tanzania society. The factors mentioned include excessive bureaucracy, ineffective regulatory framework and lack of transparency and accountability in the oversight of public affairs.

The new International policy agenda of the late 1990's involves a number of assumptions about corruption and the effective means to reduce it. Corruption is almost defined as public office, public sector or organization corruption.

The discussion of corruption is conducted in the context of a Governance framework and involves both optimistic expectations of both economic and political liberalization (Riley et al).

The public sector, on the other hand, has taken several measures which include among others the establishment of the special investigative and audit commissions or committees, development of the corporate governance codes and standards and restructuring of the institution's internal control systems. Even these were directly or indirectly done to support the government campaign against corruption and the efforts to attain good governance.

According to the country report on implementation status of Brussels Plan of Action (URT), since 2001 the government of the United Republic of Tanzania has taken several measures to strengthen the governance of public sector with improvement of the Institutional systems being the key area of focus. Among the measures taken was the improvement of the Institutional systems through the establishment of the Public Service Reform Programme in 2000, which aimed at strengthening the public institutions' capabilities on delivering services to their customers. The main goal of the PSRP was to help the public institutions to improve their services in terms of quality, timeliness and efficiency as well as helping them to implement relevant priority policies and establish a predictable and well regulated environment for private sector growth and social development.

Notwithstanding these developments, the public sector in Tanzania is still facing several challenges. Among these challenges are inefficiency of the corporate governance codes developed to assist the management in their effort to improve performance and accountability of the public officials on delivering services to their customers, the main issue being adoption of what should be addressed by the corporate governance codes by the public officials and difficulties experienced on eradication of the existing petty and grand corruption practices.

In fact these challenges are regarded as the main threats to the government campaign to promote transparency and accountability through implementation of effective corporate governance. Hence the implementation of the corporate governance codes and eradication of the corruption practices are the key indicators of improvement on corporate governance.

In most of the studies and researches carried out, it has been noted that the development of the corporate governance codes in least developed countries was very vital. Hence through having well developed codes the interest of the stakeholders of an organization will be served as the Directors or the management of that organization will be forced to strive to increase the shareholder's value while having regard to the interests of all stakeholders.

The researcher under this study examined in detail the impacts that the corporate governance codes and standards have on serving the interests of the public and the study focused specifically on how the corporate governance codes are helping the public sector in corruption eradication campaigns.

1.2 Statement of research problem

Since the release of the Cadbury (1992) report, codes became a predominant feature in today's corporate governance. These codes are implemented in order to enhance the protection of investors and thus reducing the agency problem. Many theoretical and empirical papers have discussed the influence of the corporate governance codes in reducing the agency problem (Core 1999, Khan 2011 and McColgan 2001). In this study the agency problem itself is linked to corruption, hence the research is directed at looking at the direct effects of corporate governance codes on corruption. Their papers suggest that this effect is positive, whereby codes indeed reduce corruption. The aim of this research is to find empirical evidence concerning the effects corporate governance codes have on the level of corruption. We expect lower levels of corruption to be associated with the presence of effective codes of corporate governance. Furthermore we analyze the effects of other factors (legal, political and religious systems, economic growth, geographical position, and corporate ownership)

that are related to corporate governance codes such as the number of years that they are in effect and the number of codes which a nation has implemented. In this we find compelling evidence which shows a positive effect of codes on reducing the corruption within a nation, yet these effects are highly dependent on other factors and conditions, as mentioned above.

It has also been reported that causes of corruption are rooted in particular political and economic conditions of each country and the complexity of which makes remedial efforts difficult (World Bank, 1992). Three main factors are identified as the principle causes: opportunities, salaries, and policing (Palmier 1985; Mauro, 1997). Palmier, for instance, hypothesized that corruption depends upon a balance between the three causes or a continuum where at one end “with few opportunities, good salaries and effective policing, corruption will be minimal; at the other, with many opportunities, poor salaries, and weak policing it will be considerable” (Palmier, 1985: 271-272).

Measures taken in Tanzania, as reported in the UNDP case studies report on corruption (2010), include establishment of the ideology of socialism and self reliance during the Arusha declaration in 1967 six years after independence. The Arusha Declaration brought about a strict leadership code which aimed on prohibiting the public leaders from engaging themselves in any capitalist activities which by that time were seen as the sources of corruption. In fact this policy by that time was much believed to be an accurate cure for corruption as a contagious disease among the public officials.

It has been presented in the report by (Gregory and Simms 1999) that, the effective use of the resources within the institutions can only be achieved through adoption of the effective corporate governance. Hence corporate governance helps to protect and grow scarce resources and also ensure that the resources available meet societal needs. In addition to that, effective corporate governance codes enable the replacement of the officials who are not ready to put scarce resources to efficient use, who are not competent and are extremely corrupt.

What is amazing is that, even after the introduction of the corporate governance codes and standards, misuse of public resources in public institutions and corruption by public officials are still big problems. This study is therefore expected to carefully assess the impacts of the existence of the corporate governance codes on corruption by the public officials in public institutions taking into account proper use of the resources available for the interest of the public.

1.3 Research objectives

1.3.1 General objective

The general objective of the study is to assess the effects of corporate governance codes on corruption in Tanzania.

1.3.2 Specific Objectives

The study addresses the following specific objectives:-

- i) To assess the indicators whether corporate governance codes are adhered to in public sector.
- ii) To assess the impact that corporate governance codes have on corruption eradication campaign in public sector.
- iii) To identify the key challenges faced by public sectors on corporate Governance codes.

1.3.3 Research Questions

The study was designed to answer the following research questions:-

- i) How are corporate governance codes adhered to in public sector?
- ii) What is the impact of corporate governance codes on eradication of petty and grand corruptions?
- iii) What are the challenges faced by the public sector on corporate codes?

1.4 Scope and limitation of the study

1.4.1 Scope of the study

This research focused on identification of the impacts of the existing corporate governance codes and standards on corruption by the public officials in public sector. The research was much exploratory as the researcher attempted to find out whether there was any impact caused by the existence of the corporate governance codes and standards on corruption in the public sector.

1.4.2 Limitation of the study

This study was carried out in limited boundaries because of the scarcity of the funds to cover the expenses involved and inadequate time to collect all essential data since the researcher undertook this research while dealing with other duties at her work station. Despite all these odds, however, the researcher managed to address the research issues and produce best results.

1.5 Significance of the study

Corporate governance codes are the most effective tool in reducing the incidence of corruption especially in the public sector.

Therefore, as the main objective implies, this study may result into useful suggestions for implementation of corporate governance codes so that in the future they can lead to a guaranteed eradication of corruption.

The findings of the research will also be useful to the Government of Tanzania in its efforts to improve its corporate governance codes and policies on issues concerning corruption addressed by this research.

This research will also generate and expand existing knowledge about corporate governance codes and corruption in Tanzania through its findings and methodology. This is crucial for supporting all that has been done and is expected to be done concerning corporate governance codes and corruption at all levels.

Academicians and researchers may also benefit from using the research findings for further investigations concerning corporate governance codes.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides the theoretical and empirical bases of the study by reviewing and evaluating theories and previous research works undertaken by other scholars inside and outside Tanzania. In addition, the literature review in this chapter focuses on the corporate governance concept in general, the key perspectives of the concept, corporate governance and corruption and similar theoretical reviews by scholars, researchers, national and international research institutions inside and outside the country.

2.1 Definition of key concepts

2.1.1 Corporate governance concept

According to Berle & Means (1932) and Jensen & Meckling (1976), corporate governance as a concept includes all the processes, customs, policies and laws derived by institutions to measure how the institutions act, administer and control their day to day activities on delivering services to their customers. It ensures accountability of each individual throughout the institution and makes sure that the working and investment environments are conducive to both the employees, who carry out their day-to-day operations and investors who depend much on the performance of the Institution to accomplish their undertakings.

Sam Mensah et al (2003) define corporate governance as a set of arrangements through which the individuals undertaking day-to-day activities of the institution account to the institutional stakeholders. It is among the key tools that promote the efficient use of the scarce resources available in the institution. Corporate governance, to a great extent, promotes an achievement of domestic values by ensuring the existence of accountability to individuals, transparency on carrying out day-to-day functions, fairness in the treatment of customers and practice of the rule of law.

Each country in the world has different national systems of corporate governance which articulate the primary objective of the existing corporations in different ways. In some countries corporate governance focuses on satisfying the needs of the society, particularly the needs of the employees and other stakeholders. In other countries corporate governance emphasizes the primary ownership and control, the focus being to achieve the corporations' ambitions of attaining more profit over a long term to satisfy the shareholders (Gregory and Sams, 1999).

Corporate governance is one of the key elements in improving the economies of the countries while enhancing the investors' confidence. Good corporate governance facilitates the provision of proper incentives for the corporate Board of Directors and management and, therefore, facilitates the achievement of the objectives set out in the interests of the corporation and its shareholders (OECD, 2004).

The framework of corporate governance usually entails the legal, regulatory and institutional environment. For the implementers to understand the impact that corporate governance has on the organization's reputation they should be aware of factors such as business ethics, social and environmental interests of the communities in which the organization operates.

Usually corporate governance objectives in any organization are formulated in voluntary codes and standards that do not have legal or regulatory status and they are referred to as corporate governance codes or standards. The codes or standards play a significant role of improving the corporate governance arrangements.

2.2 Theoretical framework

This section provides principles, rules and theories relating to the concept of corporate governance.

2.2.1 Principles of good corporate governance

There are principles that are essential for good corporate governance practices. The following have been identified as representing a critical foundation for and virtues of good corporate governance practices.

Firstly, every organization should be headed by an effective Board to offer strategic guidance, lead and control the organization and be accountable to its shareholders.

The Board and board committee:

- i) The Board should establish relevant committees and delegate specific mandate to such committees as may be necessary.
- ii) The Board must specifically establish an audit and nominating committee.

Director's remuneration:

- i) The Directors' remuneration should be sufficient to attract and retain directors to run the company effectively and should be approved by the shareholders.
- ii) The Executive Directors' remuneration should be competitively structured and linked to performance.
- iii) The non-executive directors' remuneration should be competitive in line with remuneration for other directors' in competing sector.
- iv) Companies should establish formal and transparent procedures for remuneration of directors which should have the approval of the shareholders.

Supply and disclosure of information:

- i) The board should be supplied with relevant, accurate and timely information to enable it discharge its duties.
- ii) Every board should annually disclose (in its annual report) its policies for remuneration including incentives for remuneration and incentives for the board and senior management particularly the following:
 - a) Quantum and component of remuneration for directors including non-executive directors on a consolidated basis as executive director's fees, emoluments, and non-executive directors' fees and emoluments.
 - b) A list of ten major shareholders of the company,
 - c) Share options and other forms of executive compensation that have been made during the course of financial year and
 - d) Directors' loans.

Board Balance

The board should be composed of a balance of executive and non-executive directors (including at least one third independent non-executive directors) of diverse skills or expertise in order to ensure that no individual or small group of individuals can dominate board's decision-making process.

Appointments of the Board:

- i) There should be formal and transparent procedures in the appointment of directors to the board and all persons appointed or offering themselves for appointments as directors should disclose any potential area of conflict that may undermine their position or services as directors.
- ii) With regards to appointed directors, the board should among other things, ensure that conflicted directors disclose the nature and extent of their interests, absent themselves at any board meeting and directors with continuing material conflicts should resign.

As regards multiple directorships, it should be made clear that no person shall hold more than three directorships in any organization.

Re-election of Directors

- i) All directors should be required to submit themselves for re-election at regular intervals or at least every three years.
- ii) Executive directors should have a fixed service contract not exceeding five years with a provision for renewal.
- iii) Disclosure should be made to the shareholders at the annual general meeting and in the annual reports.

Resigning of directors:

Resignation by a serving director should be disclosed in the annual report together with the details of the circumstances necessitating the resignation.

Secondly, the role of Chairman and Chief Executive Officer should clearly show the separation of their roles and responsibilities which will ensure a balance of power of

authority and provide for checks and balances such that no one individual affects the power and decisions of the other.

Thirdly, concerning the approval of major decision by shareholders:

- i) There should be shareholders participation in major decisions of the company. The board should provide the shareholders with information on matters that include major disposal of company's assets, restructuring, takeovers, mergers, acquisitions or reorganization and
- ii) Annual general meeting the board should provide to all its shareholders sufficient and timely information concerning date, location and agenda of the general meeting and sufficient time for shareholders to question matters pertaining to the company's performances.

Fourthly, concerning Accountability and Audit:

- i) The board should present an objective and understandable assessment of the company's operations, position and prospects. It should also ensure that accounts are presented in line with the Tanzania Financial Accounting Standards issued by National Board of Accountants and Auditors.
- ii) The board should maintain a sound system of internal control to safeguard the shareholders' investments and assets.
- iii) The board should establish a formal and transparent arrangement for appointment of independent auditors at each annual general meeting.
- iv) The board should establish a formal and transparent arrangement for maintaining professional interaction with the company's auditors.

Even though the corporate governance codes lack the status of law or regulation, they are used as the national standards or as the explicit substitute for legal or regulatory framework, their status in terms of coverage, implementation, compliance and sanctions required being clearly specified.

In short, corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the corporation and spell out the

rules and procedures for making decision on corporate affairs. Corporate governance is all about leadership. It involves leadership for efficiency, leadership for probity, leadership with responsibility and leadership with transparency and accountability.

2.2.2 Agency theory

Agency theory developed by (Jensen and Meckling, 1976) refers to a typical set of propositions in governing a modern corporation which is typically characterized by large number of shareholders or owners who allow separate individuals to control and direct the use of their collective capital for future gains. These individuals, typically, may not always own shares but may possess relevant professional skills in managing the corporation. The theory offers many useful ways to examine the relationship between owners and managers and verify how the final objective of maximizing the returns to the owners is achieved, particularly when the managers do not own the corporation's resources. Following Adam Smith (1776), (Berle and Means 1932) initiated the discussion relating to the concerns of separation of ownership and control in a large corporation. However, the concerns are aggregated by (Jensen and Meckling 1976) into the 'agency problem' in governing the corporation. Jensen and Meckling identify managers as the agents who are employed to work for maximizing the returns to the shareholders, who are the principals. Jensen and Meckling assume that as agents do not own the corporation's resources, they may commit 'moral hazards' (such as shirking duties to enjoy leisure and hiding inefficiency to avoid loss of rewards) merely to enhance their own personal wealth at the cost of their principals.

To minimize the potential for such agency problems, Jensen (1983) recognizes two important steps: first, the principal-agent risk-bearing mechanism must be designed efficiently and second, the design must be monitored through the nexus of organizations and contracts. The first step, considered as the formal agency literature, examines how much of risks should each party assume in return for their respective gains. The principal must transfer some rights to the agent who in turn, must accept to carry out the duties enshrined in the rights.

The second step, which Jensen (1983, p. 334) identifies as the ‘positive agency theory’, clarifies how firms use contractual monitoring and bonding to bear upon the structure designed in the first step and derive potential solutions to the agency problems. The inevitable loss of firm value that arises with the agency problems along with the costs of contractual monitoring and bonding are defined as agency costs (Jensen and Meckling, 1976).

Several empirical studies have since adopted agency theory to identify solutions to specific contexts such as diversification strategies within firms (e.g., Kehoe, 1996; and Denis, Denis and Sarin, 1999). They related the theory in a more generic sense of corporate governance. Keasey and Wright (1993) define corporate governance in terms of “structures, process, cultures and systems that engender the successful operation of organizations”.

Though Jensen and Meckling (1976) mentioned the important role of monitoring in an agency relationship, they do not examine further how a large firm achieves efficient monitoring. In other words, how do firms structure their corporate governance in order to control the agency problem created by the separation of ownership and control? Fama (1980) pursues this concern and finds that the agency problem is controlled efficiently by a large firm through internal devices established in response to competition from other firms. Further, Fama (1980, p. 288) claims that “individual managers within the firm are controlled by the market’s discipline and opportunities for their services both within and outside the firm”. The agency theory has clearly specified what leads to agency problems in large corporations, it is therefore important for the current study to use this theory to examine, in a Tanzanian context and specifically within the public sector, the causes of agency problems and if corruption practices are a result of poor coordination amongst officials in the course of provision of their services.

2.2.3 Transaction cost economics theory

Transaction cost economics theory, evolved through the works of Williamson (1998), has close relations or similarities with the agency theory but goes a little further.

While agency theory states that agents (professional managers) are human beings with their own individual goals and aspirations and would like to further them while acting as agents for their principals, transaction cost economics theory assumes that individuals are self-interested and opportunistic in nature, and they will cheat the system if they can (Ghoshal and Moran, 2005). The behavior of the manager is opportunistic, that is, an expression of 'self-interest unconstrained by morality' (Milgrom and Rogers, 1992).

The theory implies that managers should put in place control systems and legal mechanisms to guard against such opportunistic behaviors. But Ghoshal and Moran, (2005) feel that such systems often encourage the very behavior that they are trying to curb, and as a side-effect drive out such desirable attributes as initiative and co-operation. For them transaction cost economics is "bad for practice" because it fails to recognize the difference.

Moreover, the assumption of opportunism can become a self-fulfilling prophecy whereby opportunistic behaviors will increase with sanctions and incentives imposed to curtail it, thus creating the need for even stronger and more elaborate sanctions and incentives. Caught in such a vicious cycle, 'hierarchies' as organizations as described by Williamson would, overtime, lose their initial *raison d'être* (Goshan and Moran, 2005). In many of the modern organizations where leaders insist on candor and transparency and are tolerant of dissent with thrust on *collaborative excellency* rather than *individual excellency*, the transaction cost economics theory has been finding lesser relevance. For the purpose of the current study in Tanzania, this theory will help to suggest measures to eradicate the corruption problem in public institutions by helping in suggesting ways to put in place control systems and guard against corruption practices in the public institutions.

2.2.4 Stewardship theory

According to this theory, boards have a stewardship role for the resources entrusted to them by the shareholders. The power over the corporation is exercised by directors who are nominated and appointed by the shareholders and hence accountable to them for the stewardship over the company's resources. The theory is based on the belief that the directors can be trusted. This is also the theoretical foundation for most of the legislations and regulations in almost all the countries and the basis of most of the best practices recommended for good governance. The roles, duties and tasks of directors are essentially based on this. This theory also underscores Garratt's contention that the distinction of managing, executive, non- executive or independent is irrelevant because according to the law, all directors are expected to fulfill the same kind of duties and behavior. According to Block, (1996), 'stewardship begins with the willingness to be accountable, for some larger body than ourselves; an organization, a community. Stewardship springs from a set of beliefs about reforming an organization that affirms our choice of service over the pursuit of self-interest. When people choose service over self-interest they are willing to be deeply accountable choosing to control the world around us. It requires the level of trust that we are not used to holding'.

Stewardship is a holistic concept which promises the means of achieving a grass root level change in the way the institutions have been governed. As Block (1996) said, 'stewardship is to hold something in trust for another'. Block defines stewardship 'as a choice to preside over the orderly distribution of power'. This means giving people at the bottom and the boundaries of the organization choice over how to serve a customer, a citizen, a community. It is the willingness to be accountable for the wellbeing of the larger organization by operating in service rather than in control of those around us (Block, 1996).

Thus, at the heart of stewardship theory is the commitment to service. The directors on the boards, acting on the principle of stewardship, will hold the company in trust on

behalf of the different stakeholders. Conventional agency theory asserts that agents have their own self-interest in the way they manage, lead, and govern.

In summary, the stewardship theory suggests that a firm's board of directors and its CEO, acting as stewards, are more motivated to act in the best interests of the firm rather than for their own selfish interests. This is because, over time, senior executives tend to view a firm as an extension of themselves (Clarke, 2004; Wheelen and Hunger, 2002). Therefore, the stewardship theory argues that, compared to shareholders, a firm's top management cares more about the firm's long term success (Mallin, 2004).

Stewardship theory has an important implication in this study as it helps to advise managers and board of directors on how acting with trust can save the organization from corruption problems that are against the corporate codes of ethics as well as informing top management about how caring for the interests of the entire organization could help minimize problems including corruption.

2.2.5 Corruption and status of corruption in Tanzania

Although Tanzania continues to perform extremely poor in TI's corruption Perception Index (ranked 102 of 180 with a score of 3.0), the 2006 Afro barometer survey indicates that the public perceives the level of corruption to have declined between 2003 and 2005. While 58% of respondents thought that some, most or all 'elected officials' were involved in corruption in 2003, only 38% thought the same for MPs and 44% for elected local Government councilors in 2005.

Yet despite this apparent progress, corruption remains a major challenge. The Auditor General has estimated that not less than 20% of the Government budget is lost annually to corruption. Recent scandals have involved ministers and political leaders from the ruling party. An independent International Audit of Tanzania's central bank revealed that more than USD 120 million had been paid to local companies, many of them allegedly fictitious, in what has been one of the most prominent recent corruption scandals. Following investigations, the then prime minister and two other ministers were forced to resign in February 2008. Their resignations, which triggered the

dissolution of the entire cabinet, were due to their involvement in granting a large contract to an American-based company in which they had personal interests. Though quick action was taken, these scandals are likely to shake public confidence in legal framework for anti- corruption and in the Government commitment to effectively tackle corruption issues.

The PCCB investigates at least 5 grand corruption cases per year and the rest are medium or petty corruption cases. In 2009, for example, PCCB prosecuted a total of 17 grand corruption cases as compared to 14 in 2008 and only 1 in 2007(Hoseah 2009).

According to the World Economic forum's Global Competitive Report for 2008 - 09, corruption is one of the major constrains for doing business in the country.

According to Gyimah (2002), corruption is a word that has been defined differently by both practitioners and academicians who study that phenomenon. "It means different things to different people depending on the individual's cultural background, discipline and political leaning" (Gyimah, 2002:186).

Kan'the Gitu (1999) defines corruption as a form of irregular, unethical, immoral and or illegal practices, transactions, dealings and activities in the process of handling commercial or public transactions or in the performance of official duties. All these are regarded, in a single word, as corrupt practices. Other definitions of corruption include, misuse of entrusted power for private gain; and abuse of public/private office for private gain; behavior on the part of officials in the public sector, whether politicians or civil servants, in which they improperly and unlawfully enrich themselves, or those who are close to them, by misuse of the public power entrusted to them; crime of calculation and an act of offering, giving, receiving or soliciting anything to influence the action of public officer in rendering a public service.

Usually there are two sides of corruption, the demand side and supply side of corruption. The demand side of corruption is the one which concerns public officials and is usually associated with delays in the delivery of public services. The supply side of corruption, on the other hand, reflects the roles of the private sector in corruption

and is hinged upon factors that facilitate the payment of bribes by the private sector (The Economist, 2000).

On the supply side of corruption, private sector organizations and their officials influence public officials to make decisions that are more favorable to them than to the general societies they serve. The influence can be in terms of political campaigns, contributions, trips abroad, paying school fees for wards of public officials and physical cash paid directly to the officials (Mensah, 2000).

Different arguments have been advanced to explain the determinants of demand and supply sides of corruption. Among them are the following two provided by Barzel et al (1974) and Myrdal (1968). Barzel et al (1974) argues that, “assuming there is no stigma associated with bribery, or that the stigma associated with paying bribes does not depend on organization profitability, therefore the organization that benefits more from the public services will generally offer larger bribes payment for reducing waiting periods for services”.

2.2.6 Corporate governance and corruption

Corporate governance is one of the most effective tools capable of reducing the incidence of corruption, especially in the corporate sector. Corporate governance is concerned with the process, systems, practices and procedures that govern institutions, the manner in which these rules and regulations determine or create, and the nature of those relationships. Sound corporate governance encourages the efficient use of resources and provide for accountability for the stewardship of those resources. Corporate governance can also create safeguards against corruption and mismanagement, while promoting fundamental values of market economy in a democratic society. These democratic values include accountability, transparency, rules of law, fairness, responsibility and property rights (Kwame Aboagye et al)

Good corporate governance can lead to the reduction of corruption by addressing both the principal-agent problem and the problem of coordination. The principles of good corporate governance such as accountability and transparency not only can improve

firm's operating performance, but also reduce the level of corruption by imposing more constraints on both the corrupt officials and the corruptors (XUN WU).

Taking into account the mentioned effects of corruption and many others which were not mentioned here, one of the many effective tools that can be used to reduce the incidence of corruption, especially supply side corruption, is sound corporate governance (Sam Mensah et al).

The adoption of good corporate governance offers advantages to both approaches. Hence, corporate governance is anchored on fundamental principles and beliefs. Maher and Anderson (1999) argue that, at its core, good corporate governance revolves around three important themes namely; accountability, transparency and enforceability. Accountability requires individuals in corporations to be accountable to their principals and society on the management of the affairs of the corporation. Transparency demands that individuals should conduct their business affairs in a clear and straight forward manner. It requires that management provides adequate amounts of pertinent information to stakeholders. Enforceability requires that stakeholders should be able to sue in a timely manner and recover damages for management who might have made serious errors.

The incentive for firm and business and for those who own and manage them to adopt internationally-accepted corporate governance standards is that these standards will help them to achieve their corporate aims and also reduce supply side corruption by removing systematic opportunities that may breed corruption, because it spells out the rules and procedures for carrying out activities and responsibilities in an organization and does not leave room for ambiguity of roles and power.

Therefore when key indicators of sound corporate governance are breached, opportunities are created for individuals in business to make personal gains. For example weak internal control systems within a company create incentives for managers to make side deals with vendors or make side payments to Government officials (Sam Mensah et al).

Corporate governance is directly related to combating corruption. In many societies this is not a subject that is easy to deal with because of both political sensitivities as

well as legal inconsistencies. Yet corruption has to be dealt with in order to secure a position in the global economy and to secure the benefits of economic growth. The signing of the OECD anti-bribery convention is the beginning, not the end, of a concerted global anti-corruption campaign. Efforts to improve corporate governance, especially in the provision of transparency in corporate transactions, in accounting and auditing procedures, in purchasing, and in all of the myriad individual business transactions is a large scale effort. Sound corporate governance mechanisms target the supply side of corruption – the private sector. Corporate governance creates a system where the whole process of providing corrupt payment gifts is quickly exposed, and therefore rendered unsustainable. Corporate governance sets up mechanisms which combat corruption on not only a legal basis, but also in terms of business ethics. In the process of creating sound systems of corporate culture, corruption is bound to become an unacceptable ethical behavior. Thus, public sector needs to become engaged in building effective anti-corruption strategies (CIPE, 2002).

Therefore the existence of corruption in a corporation is a symptom of poor management of the corporation which should be attributed to lack of sound corporate governance structures. Good corporate governance enables better management of the corporation for the benefit of all stakeholders. Corporate governance mechanisms increase transparency and accountability to public sector.

2.3 Empirical studies

This section presents a detailed explanation of what has been done either in Tanzania or elsewhere in the world. The researcher attempts a critical analysis of the shortcomings, if any, of the previous studies carried out, offers recommendations and provides a conclusion. Evidences observed from other countries are discussed and presented in this section so as to show how this problem is tackled in different countries.

In a study related to this, Ovienloba (2007) exposes the different forms of corruption in Nigeria. These include systematic or bureaucratic corruption and endemic corruption. He argues that systematic corruption occurs in the public sector and it is

also referred to as bureaucratic corruption. In his elaborate analysis he posits that this kind of corruption frustrates the free flow of administrative provisions for development and those who give in to this kind of corruption forget the ideals of good governance and frustrate the system for their private gains and benefits. He further explains that this kind of corruption is a systematic defeat of good governance given the fact that “good governance is related with effective delivery of services to the public and in the course of delivering these services to the public the bureaucrat’s behavior should be fair and he or she should possess characteristics such as trust, consistency, mutual respect and impartial decision making” (Ovienloba, 2007:33).

Obayelu (2007), on the other hand, identifies a number of factors propagating corrupt practices in Nigeria. The lack of clear rules and code of ethics leads to abuse of political power; hence most Nigerians are exposed to corrupt practices. The low salaries and unfavorable working conditions with few incentives for effective performance are strong incentives for corruption (Obayelu, 2007). Due to the fact that workers in Nigeria both in the private and public sectors are poorly paid and sometimes not paid regularly, this gives an opportunity for corrupt practices especially bureaucratic corruption. This is because when workers are not paid, they tend to seek for alternative means to meet their family obligations even if that amounts to infringing the law.

Dube (2011) conducted a study to investigate the impact of systemic corruption in public enterprises in the Harare metropolitan area in Zimbabwe. This research used a case and explanatory research designs as its major approaches. The study was largely prompted by the high level of corruption in public enterprises as reported to the Anti-Corruption Commission and the media. In this study, fourteen (14) directors and twenty six (26) public enterprise officials were used as research subjects. Questionnaires, interviews and documentary reviews were used as research instruments to collect information. The study showed that low remuneration levels for both low and high level public enterprise officials, patronage appointment to higher level of management and lack of political will to empower public enterprise officials on the evil of corruption were the causes of systemic corruption. Greed and

disintegration of work morals and ethics in the manner in which public affairs across public enterprises were being managed, were key causes of systemic corruption. High level of secrecy in the management of public affairs, lack of transparency, discipline, fairness, responsibility, equity and weak legal dispensations in dealing with corruption were also noted to be corruption drivers. With regard to the manifestation of corruption in public enterprises, it was established that systemic corruption occurred in the following forms: abuse of power, fraud, favoritism, embezzlement, weak control, extortion and ghosting. The study also showed that systemic corruption created problems such as administrative inefficiency and parasitism, a social atmosphere of tension and dishonesty within public enterprises. Corruption reallocated resources to the rich and powerful public officials who were aligned to the ruling party or, simply, those in authority. The study also noted that public enterprises officials were using technical complexity in procedures and regulations to conceal under-dealings. It was also true in the findings of this study that rewarding for reasons not related to performance, dishonesty, over-claiming expenses, falsification of reports/records and favoritism in public enterprises were high. The study also revealed that bid-rigging, shifting from core business, ghosting, and giving gratitude/gift to influence decision were some of the prevalent unethical activities in public enterprises.

Mulili (2010) conducted a study on corporate governance practices of developing countries taking the case of Kenya. He examined the concept of corporate governance from a historical perspective. His study explored how the agency theory and stewardship theory affected corporate governance practices. The focus of the study was on public universities in Kenya. An extensive review of literature indicated that the ideals of good corporate governance have been adopted by developing countries since the 1980s. Developing countries differ from developed countries in a wide variety of ways. Therefore, there is need for developing countries to develop their own corporate governance models that consider the cultural, political and technological conditions found in each country. In exploring the challenges encountered by developing countries in the process of adopting the corporate governance ideals, the authors have identified knowledge gaps in corporate governance that can form the

basis for future research projects. In summary, study by Mulili did looked at corporate governance in general and fell shy of revealing how it can be used to eradicate corruption within the specified public universities in Kenya. The current study intends to fill up that knowledge gap.

Roda (2010) did a study on corruption and good governance in Nigeria. The objective was to investigate the measures used to combat corruption in Nigeria and achieve good governance. This research was qualitative in nature as it intended to understand the phenomenon of corruption in Nigeria and also to find successful measures to combat it. A descriptive and explanatory approach was employed. Findings revealed that Nigeria had very good laws and constitutional provisions to combat corruption but there was a general lack of implementation of these laws, which accounts for the reason as to why the nation was lagging behind in its campaign against corruption. Furthermore, the study revealed that leaders and public officials who were supposed to spearhead this campaign against corruption were themselves unwilling and reluctant to fully commit themselves to the cause because they themselves were the masterminds behind the corrupt practices. It was recommended that something should be done to increase the level of commitment of all the actors in this campaign so that Nigeria would stop experiencing the adverse effects of this societal ill.

2.3.1 Evidence from abroad

There are several factors which lead to the need for introducing corporate governance. Among them is that of collapse of a number of big corporations in America and Europe and hostile takeovers particularly in the UK and USA and antisocial behavior of some of the corporations (World Bank, 2000). For example BCCI, one of the largest UK Bank, was forced to close business by the Bank of England in 1991 due to allegations of fraud. The Maxwell Group of USA collapsed in 1991 soon after it was discovered that 400 million sterling pounds were missing from the pension funds and that amount was actually used to finance the lavish lifestyles and corporate expansion.

In Asia the story is quite different. The need for corporate governance arose due to economic crisis experienced across the South East Asian countries. The crisis started early in 1997 in Thailand and spread over all the countries in South East and North East of Asia and, to a lesser extent, in Russia Hoa, (2000). This rising economic crisis in most of the Asian countries was much linked with to the poor corporate governance practices in these countries (World Bank Data).

Factors like the collapse of major corporations in Europe and America and the Asian economic crisis as mentioned above resulted into loss of jobs and investments to many people in those countries.

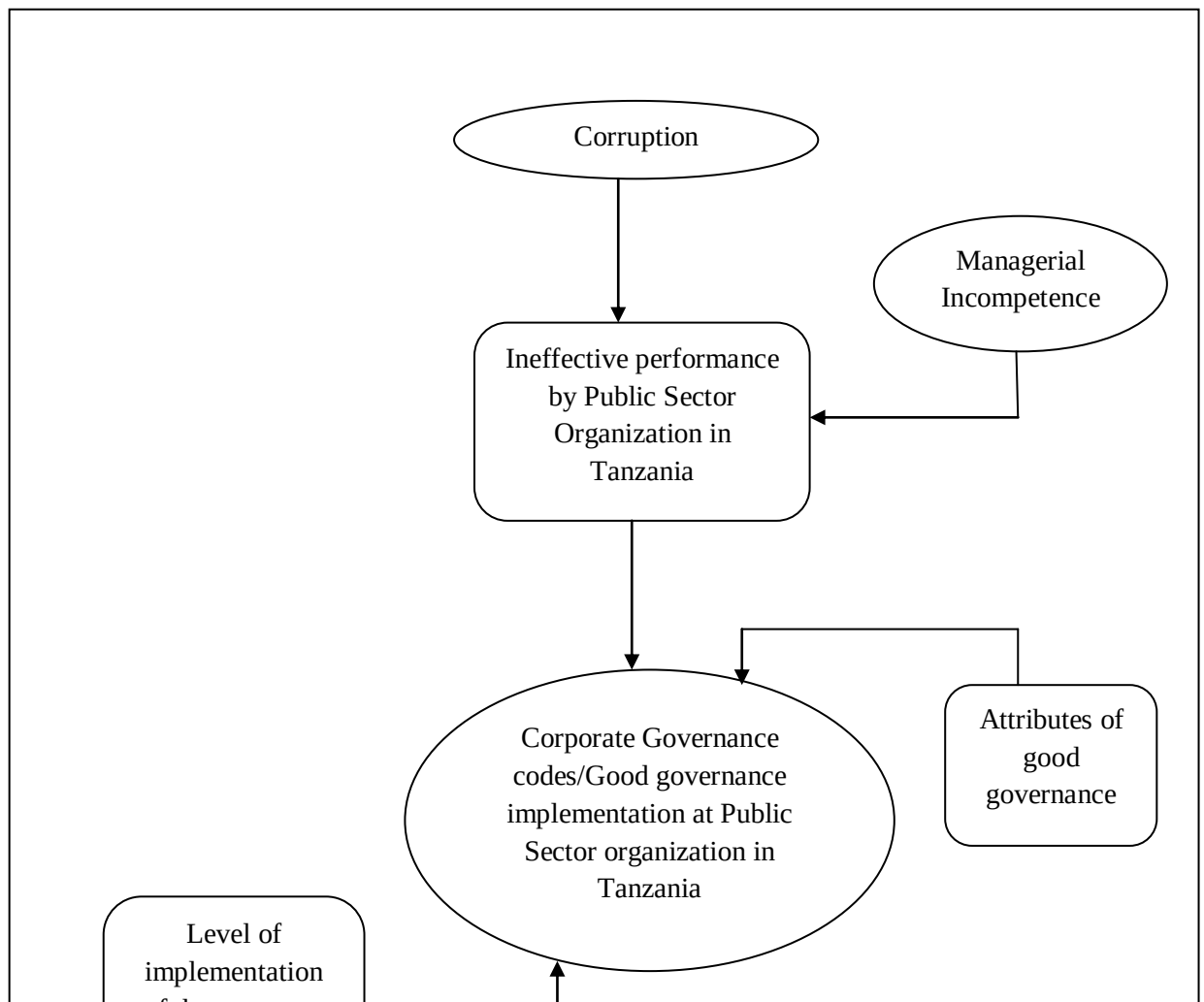
Recognition of the role played by corporate governance initially happened in Europe and the USA and concerns were then spread all over the world. The concerns brought about a number of initiatives at the national and international levels both of which targeted improvement of corporate governance practices. International organizations such as Organization of Economic Cooperation and Development (OECD) and the Commonwealth paid more attention to this issue and subsequently developed and issued the principles for corporate governance in 1999. In June 1999, the OECD and the World Bank signed a memorandum of understanding that created the Global Corporate Governance Forum for the discussion and coordination of global standards of corporate governance. Several countries too have formulated country-specific principles within the broad framework based on the OECD principles.

In South Africa, to respond to the challenges of promoting the highest standards of corporate governance, researchers identified that establishment of Boards to manage corporations, development of auditing and accounting mechanisms for corporations, development of risk management processes, compliance to and enforcement of regulatory legal dispensations constituted good corporate governance. The researchers further identified key principles of good governance which include honesty, trust, integrity, openness, performance orientation, mutual respect and commitment to the corporation by those charged with the responsibility to run and supervise its affairs. In

addition to that the researchers suggested seven characteristics of good corporate governance which are discipline, transparency, independence, accountability, responsibility, fairness and social responsibility

2.4 Conceptual framework of the study

To better demonstrate the purpose of this study, a conceptual framework as in figure 1 below has been developed.



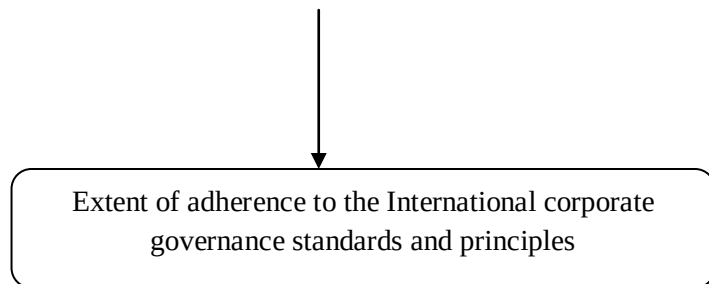


Figure 1: Conceptual Framework

The above figure shows variables corruption and managerial incompetence as the major factors that cause ineffective performance by public sector organization in Tanzania.

2.4.1 Corruption

The problem of corruption in Tanzania was recognized as long time ago as 1966 when the government established a permanent commission of inquiry to check abuse of power by public officers. In 1971 the parliament of Tanzania enacted the Prevention of Corruption Act, and on this basis the prevention of bureau (PCB) was established in 1975.

The government of Tanzania views the corruption as public enemy number one. The commission lead by Judge Warioba (Warioba Commission) in 1996 determined that, the high level corruption is caused by the following factors; Greed and abuse of power, poor discipline, deficiency in management systems, procedures and controls, weak legal and judicial systems, political interference, low public awareness and weak oversight and watchdog institutions.

In fact to the great extent corruption in public sector organization in Tanzania is of the major cause of their ineffective performance. Thus why, in the framework above

corruption considered as one of the major challenges to the performance by the public sector organization in Tanzania.

2.4.2 Managerial incompetence

In most countries now days there is increasing expectations from ordinary citizens and society that public sector organization deliver services effectively and efficiently.

But what observed is that most of the public sector organizations failed to meet the civil society expectations because of the managerial incompetence which results into inefficiency on performance by the public sector organization. More effort required to be undertaken to strengthen the ethical competence of the civil servants and strengthen mechanisms to support their professional ethics.

The following specific strategies according to Howard (2001) need to be considered attain competence of the civil servants; develop effective laws which will require civil servants to give reason for their official decisions, develop approach which will encourage civil servants to deal positively with corruption and unethical practices when they encounter it, introduce the use of ethics audits to identify risks to the integrity of the most important processes, develop new human resources management strategies, provide training on ethics codes and requirements of professional responsibility and develop effective external and internal complaint and redress procedures.

2.4.3 Ineffective performance by public sector organization

By mid 1980's the performance of the public sector of Tanzania had declined to lowly levels. There were serious shortage of personnel with professional skills, civil servants morale, motivation and discipline were very low because of political interference, failure to observe merit principles in appointments and collapsing management systems and control.

The decade past but the quality of public services remains extremely poor and the capacity of public sector organization is still very low. Many cross cutting reforms for public services established to improve efficiency and effectiveness of the public service delivery. Most of these reforms established to enhance the public sector organization to establish good governance used on corporate governance principles.

Under the above conceptual framework, researcher tried to demonstrate how the establishment and implementation of cooperate governance in public sector organization is essential to improve their performance capacity while taking into consideration of the two main challenges faced by public sectors organization on delivering services to the society.

2.4.4 Attributes of good Corporate Governance

According to Subramaniam (2001), the good governance always focus on a clean government that provide the quality services towards its society, transparent and participative in its decision making process and is accountable for its actions at all times both under legal and society scrutiny.

It has been identified by different studies that, good governance comprises the following key elements; participation, rule of law, accountability, transparency, equity, effectiveness and efficiency, professionalism and effective management service orientation and monitoring of performance. These elements on figure 1 above regarded as the attributes of good governance.

Good governance can offer a number of benefits to organization; better organizational strategies and plans, improvement on operational effectiveness, more prudent regulatory compliance, financial and risk management, improvement of stakeholder engagement and communication flow and increase the degree of organization delivers on its purpose (Australia Institute of Company Directors 2013).

The good governance in an organization ensures that corruption is minimized, the views of minority are taken into account and that the voices of the most vulnerable in society are heard in decision making.

This study among other things aims on revealing the level of understanding of the corporate governance codes and good governance of the stakeholders in public sector organizations and the level of implementation of the corporate governance codes and principles. Together with the above purpose also the study target on showing the impact of corruption and corrupt practices on public sector organization performance.

2.4.5 Adherence to the International corporate governance principles and standards.

The definitions and components of corporate governance in these new ages are adopted from the international standards and principles of corporate governance (Gereffi 2001; Considine and Lewis 1999; Sanders and Boivie 2004).

Currently, there is international corporate governance scorecard developed to act as a tool to evaluate the level of international corporate governance implementation by organizations within a particular country.

Almost all the scholars who did research study on corporate governance issues agreed that, there is divergence in corporate governance practices among the countries. The divergence caused by the differences that exist on economic conditions, cultural and political history, economic development goals and perception (Bonn et al 2004). This view also supported by the International organization such as United Nations Development Program (UNDP) as they promote the need for individual countries to adapt and apply international good governance standards and principles in accordance to country situation and agenda (Matsushita 2004; Weiss 2000).

Most of the literatures on corporate governance indicate that, most of the international institutions recognize the need for having international principles and standard of good governance to be used to assess the performance of the member countries on these institutions. The United Nation for example through the United Nations Conference of Trade and Development (UNCTAD) has produced benchmark good governance standards which used to assess its member countries. The standards produced based on the following four main values; predictability, accountability, transparency and participation.

The United Nation Development Program (UNDP) on its side introduced nine principles of good governance which emphasize its member countries to ensure that they are implemented. The principles are; participation, Rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, accountability and strategic vision.

According to Garrod (2000), the corporate governance systems in most of the developing countries are considered to be in a state of instability. This instability caused by continuously economic and political reforms which takes place in those countries which makes the choice of an effective system of corporate governance difficult.

The OECD 1999 report stated that, in most transition economics where the state was the majority owner of the business enterprises, the institutional and behavioral legacies of the old system on the emerging decision making, information and motivational structure of corporate governance are important element with respect to the prevailing corporate governance practices.

The major problems faced by most developing countries like Tanzania on implementation of the international corporate governance principles includes; lack of accounting, auditing and disclosure standards and inadequate level of transparency and

monitoring which are very essential for effective corporate governance (Clarke and Clegg 1998).

In fact the principles of corporate governance developed by OECD and UNDP have provided a broad framework for a large number of countries including Tanzania to develop their own principles of corporate governance (Monks and Minow 2002). The framework proposed to enable the researcher to analyze the extent of adherence of the public sector organization to the international principles developed by those multilateral organizations. The purpose being to know the level of compliance to those principles and standards and not otherwise.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the methodology used in the study. It covered the research paradigm, research design, and description of the study area, data collection methods and sources of data used in the data collection method.

3.1 Research Design

Kothari (2004) categorized research designs in three types: exploratory design, descriptive design and explanatory or experimental design. This study adopted descriptive design to make a thorough analysis of the research problem for the purpose of scientifically describing the research problem. In measuring and clarifying the research problem both quantitative research approach was employed.

3.2 Study Area

The study was concentrated in Morogoro region and mainly at the Morogoro Municipal area. The reason behind this selection was due to the limited resources in terms of fund and time given for this research influenced the researcher in the selection of the area of the study. This made the process of data collection and consultation of key stakeholders easy and highly economical.

3.3 Study Population

The target population for this study was all employees of public sectors in all regions of Tanzania. Due to their experience, they were targeted because the researcher thought they were in a position to explain the effects of corporate governance codes on corruption in Tanzania.

3.4 Variables and their measurement

Data collection methods involves techniques through which the researcher would carefully select the methods for his own study basing on nature, scope and objects of

inquiry, funds availability and time factor (Kothari, 2004). The following data collection methods were employed;

3.4.1 Primary data

The primary data from the sample was collected from the public institutions' employees in Morogoro.

3.4.1.1 Questionnaire

A semi- structured undisguised questionnaire containing questions of importance for analysing this study was used (See Appendix 1). These questions were developed in such a way they captured all responses relating to the effects of corporate governance codes on corruption. This study adopted semi- structured undisguised type of questionnaire because revealing the study purpose was anticipated to eliminate the difficulties in dealing with respondents as most of them cannot easily express themselves, when they do not know why they have to provide any kind of relevant information for the study. The questions were very simple and easy to be understood by respondents. The semi- structured questionnaire provided easiness in analyzing the quantitative data.

3.4.2 Secondary Data

Secondary data were collected from past researches done on the subject of corporate governance and corruption as sourced from Mzumbe university library and relevant websites on the internet.

3.5 Sampling techniques and sample size

3.5.1 Sampling technique

The researcher used convenience sampling which was a non-probabilistic sampling technique that involved selection of the sample at the organization they work (Saunders, Lewis and Thornhill, 2003).

3.5.2 Sample size

Sample size refers to a number of items to be selected from the universe to constitute a sample. The sample must be optimum. An optimum sample is one which fulfills requirements of efficiency, reliability and flexibility (Saunders, Lewis and Thornhill, 2003).

The selection of the sample was influenced by the nature of the problem at hand. Because of assessing effects of corporate governance on corruption in Morogoro, the surveyed institutions included; Morogoro municipal council, Mzumbe University, Sokoine University of Agriculture, Ministry of Finance Morogoro branch, Mzinga corporation, Tanzania Tobacco processor, National audit, NSSF Morogoro, Mvomero District council and Ardhi University Morogoro branch the researcher was able to select 4 units from each Public office hence at the end the obtained sample constituted a total of 40 respondents.

3.6 Data validity

To enhance validity, the questionnaire were pilot tested to ensure no problems in answering the questions on part of respondents and to ensure no problem on data recording and interpretation on the part of the research. Face validity was used to test validity of the questionnaire and the researcher was convinced that the questionnaire measured what was intended by the study.

3.7 Data analysis, presentation and interpretation

The data obtained were summarized, coded and analysed by using Statistical Package for Social Science (SPSS). Descriptive statistics tools were used as tool for analysing the descriptive data that were quantifiable in numerical terms by researcher this is due to the reason that descriptive statistics measures provide findings in forms of means, standard deviations and frequency distribution. Moreover the analysed data were presented in frequency distribution tables for easy interpretations by interested parties. Also, data relating to open responses were analysed using content analysis technique.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF RESEARCH FINDINGS

4.0 Introduction

This section presents the descriptive study findings as obtained from the field of study as related to the specific objectives for the study. Analysis of the descriptive findings is also included in this section.

The presentation of the findings focuses on specific objectives of the study through examining how organization design can influence the organization's effectiveness.

4.1 Presentation of findings

This subsection presents the respondents' profiles as collected from the study Findings on specific objective one, two and three are also presented.

4.1.1 Profile of respondents

The profile of respondents was defined in terms of gender, age, marital status, educational levels, employment status and nature of organization.

The study was conducted in Tanzania, specifically in Morogoro region. In connection with the study, the researcher wished to establish the profiles of respondents in terms of age, marital status, education levels and employment. There were 40 respondents; the respondent's rate was satisfactory considering the nature of the institution as the area of study. An analysis of these variables provide context which helped the researcher to interpret other findings.

Gender profile

Because the study was intended to analyze the effects of corporate governance codes on corruption, the sample of 40 respondents was involved. The descriptive findings on gender are presented in table 4.1 below.

Table 4.1: Gender of respondents

		Frequency	Percentage
Valid	Male	24	60
	Female	16	40
	Total	40	100

Source: Field data, (2013)

The findings in Table 1 show that 24 (60%) of respondents were male and 16 (40%) were female. The study had more male than female participants. Since males and females differ psychologically, the large number of males might have influenced the overall perception of respondents on the way corporate governance codes of ethics help reduce or eliminate corruption in public institutions.

Age profile

Data on age of respondents are presented below;

Table 4.2: Age of respondents

		Frequency	Percentage
Valid			
	18 - 35	11	27.5
	36 - 45	15	42.5
	46 - 55	8	20
	56 and above	4	10
	Total	40	100

Source: Field data, (2013)

Age in any social setting is a factor used to measure respondents' ability in a work organization. The research had an age group ranging from 18 to 55 years because from 18 years of age an individual is considered to be physically mature for employment

assuming that he/she has attained the requisite educational level. According to Tanzania's labour laws 55 years is the voluntary retirement age.

Findings in Table 4.2 reveal that; 11 (27.5%) respondents were aged between 18-35, 15 (42.5%) respondents between 36 and 45; 8 (20%), respondents aged between 46-55 and 4 (10%) aged 56 and above. Generally the study had many respondents aging between 36-45 years and this category constitutes the matured adult population.

Marital status of respondents

Marital information was also captured from the respondents and the data are as seen in the Table 4.3 below.

Table 4. 3: Marital status of respondents

	Frequency	Percentage
Valid Single	11	27.5
Married	20	50
Others	9	22.5
Total	40	100

Source: Field data, (2013)

Findings in table 4.3 show that 11 (27.5%) respondents were single, 20 (50%) respondents were married and 9 (22.5%) belonged to other categories (widowed, divorced, etc.). Generally most of respondents were married. The findings can be supported by similar findings on age profiles that in Tanzania that normally most people on attaining the age of 35 years get married and assume family responsibilities.

Education profile

The study also assessed the level of education of respondents to determine maximum level of education achieved by respondents. Educational information of respondents is presented in table 4.4 below.

Table 4.4: Educational levels of respondents

	Frequency	Percentage
Valid primary school education	2	5
secondary education	10	25
Certificate	9	22.5
Diploma	10	25
First degree	5	12.5
Master degree	4	10
Total	40	100

Source: Field data, (2013)

Out of 40 respondents, 10 (25%) respondents had secondary and diploma education levels while 9 (22.5%) respondents had certificates in various courses. Generally the study had more people with secondary and diploma education and few with primary, first degree and master's degree education. This implies that employees of most public institutions might be in employment basing on experience rather than education qualifications and also it might be that the few with higher degrees hold senior positions in these public organs, for instance board of directors.

Employment profile

Findings on the status of respondents' employment are as shown in Table 4.5 below;

Table 4.5: Employment status

	Frequency	Percentage
Valid Employed	31	77.5
Self-employed	9	22.5
Total	40	100

Source: Field data, (2013)

From Table 4.5 above, 31 (77.5%) respondents were employed while 9 (22.5%) were self-employed. This represents the current status in public sector where a number of its staff are in formal employment unlike how it was in previous years when most employees were on contractual basis and not permanent employees of the public sector.

4.2 Whether corporate governance codes are adhered to in Public sector

Respondents were asked to address the issue of whether corporate codes of ethics were adhered to in public Institutions. Findings are as shown in the table below.

Table 4.6: Organ(s)/ committee(s) were responsible for making sure corporate governance codes were adhered to within public institutions

	Frequency	Percentage
Valid Yes	33	83
No	7	17
Total	40	100

Source: Field data, (2013)

On whether organ(s) or committees within respondents' institutions were responsible for making sure that corporate governance codes were adhered to, findings in table 4.6

show that 33 (83%) respondents said yes while 7 (17%) said no. Therefore basing on the findings from the field of study corporate governance codes were adhered to within the selected public sector.

The analysis reveals that, most of the public corporations adhere to the corporate governance codes because of the influence of stakeholders who insist on high standards of corporate governance in companies in which they invest and also public attention due to various scandals and collapses which force the government to carefully consider fundamental issues of corporate governance as essential for public economic interests,.

However, most of the public corporations adhere only to the performance aspects of corporate governance codes. The management of those public sectors focus only on how the institutions are governed and how they perform and forget about the key aspect of corporate governance codes of ensuring maintenance of accountability to all those with the legitimate right of undertaking the day to day public sector activities.

4.3 Impact of Corporate governance codes on corruption eradication in Public Sector

On assessing objective number two, the researcher measured the impact of corporate governance on corruption eradication in Public sector. Findings are presented in the Table below.

Table 4.7: Does corporate governance or codes of ethics have impact on eradication of corruption at your organisation?

	Frequency	Percentage
Valid Yes	30	75
No	10	25
Total	40	100

Source: Field data, (2013)

When respondents were asked whether the corporate governance or codes of ethics had an impact on eradication of corruption, the findings, as shown in Table 4.7 revealed that out of 40 respondents 30 (75%) said yes while 10 (25%) said no. Hence it can be concluded from the sampled respondents that corporate governance codes of ethics have an impact on eradicating corrupt practices in the public sector. Findings imply that corporate codes of ethics allow transparency and accountability of members in their public conducts hence making it easy to spot elements of corrupt practices within the public sectors.

The respondents were further asked to explain “the impact that corporate governance codes of ethics had on eradication of corruption practices”. In responding to this open-ended question majority said “corporate codes enabled the achievement of transparency in the public conducts by government officials, enhanced accountability and adherence to professional ethics by the public sector staff that at the end guided their good conduct and helped to prevent corruption in the performance and execution of their duties”.

The findings imply that for any institution (both private and public), corporate codes of ethics could save the institution costs it would incur when its staff do not play proactive role in the course of performing their obligations. The researcher was also interested in assessing the adequacy of efforts made by selected public institutions on eradicating corruption.

Table 4.8: Adequacy of efforts made by public institutions on eradicating corruption

	Frequency	Percentage
Valid Adequate	13	32.5
Inadequate	27	67.5
Total	40	100.0

Source: Field data, (2013)

Findings in Table 4.8 reveal that 13 (32.5%) respondents said efforts were adequate while 27 (67.5%) respondents said the efforts were inadequate. Hence it can be concluded that efforts to eradicate corruption in public institutions are not adequate to combat the problem. This means that public institutions do not put much effort on eradicating corruption for reasons that are unknown to most of the people. The documentary analysis also revealed that over the past few years, public corporations have increased their efforts in curbing corruption by emphasizing on the need to achieve transparency and accountability in undertaking their day to day activities. The public corporations developed corporate governance codes which to a great extent play a big role towards achieving transparency and accountability. The corporate governance codes developed by public corporations introduce standards and mechanisms of transparency, accountability and compliance with the laws and regulations which in turn expose bribery and illegal behaviors and make corruption unsustainable.

4.4 Key challenges faced by public sectors on corporate codes of ethics

The researcher was also interested in identifying challenges with respect to corporate codes of ethics but the first objective was to identify if corruption as a problem was prevalent in all institutions in which respondents were interviewed.

Table 4.9: most of the public institutions in Tanzania experience the corruption problem, is it the same in your institution?

	Frequency	Percentage
Valid Yes	28	70.0
No	12	30.0
Total	40	100.0

Source: Field data, (2013)

In responding to the question on corruption as a problem experienced in most public institutions, 28 (70%) respondents said they experienced the same problem in their

institutions while 12 (30%) respondents said they did not experience the problem of corruption as in other public institutions. This therefore helped to conclude that corruption is still a challenge to most public institutions in Tanzania hence the government has to formulate a policy framework to address the causes of corruption.

However, in identifying the key challenges which faced public corporations in formulating practicable codes of ethics the researcher observed from open-ended questions that “lack of financial resources to assess effectiveness of corporate governance codes of ethics, awareness creation campaign, absence of employees commitment to avoid corruption due to employees’ own behaviors, inefficiencies in public offices operations for instance payment to suppliers of various resources, negative attitudes staff built on the existing codes of ethics’ that they were meant to disturb their day to day office operations and that the codes of ethics were mainly to penalize people/ staff who misbehaved while performing their activities. Lastly, there was lack of awareness on the roles played by the codes of ethics”.

The research revealed that there were also other challenges that were hindering the effective implementation and promotion of corporate governance codes in Tanzania’s public sector. Those challenges include lack of commitment on part of management teams and Boards of Directors, lack of adherence to the regulatory frameworks, weak enforcement and monitoring systems and lack of transparency and disclosure. With regards to lack of commitment on the part of management teams and Boards of Directors the study found that most of the officials entrusted with the management of the public sector do not fulfill their responsibilities adequately. The reason for this is that some of them do not possess the necessary qualifications to be in the positions in which they are while some of those who have the pre-requisite qualifications are not effectively involved in day to day management of the Institutions. They prefer to delegate the day to day running of the institutions to some other professional staff.

Regarding lack of disclosure and enforcement, it was revealed in this study that there is lack of investigation on non-compliance with statutory requirements, complaints of

staff and other customers about mismanagement, oppression of junior staff and auditors' failure to report improper accounting and financial records.

These challenges therefore suggest remedial actions be taken to educate members of public institutions on the relevance of corporate codes of ethics. The government of Tanzania must invest more efforts on addressing the identified challenges in order to avoid the consequences that will keep on growing due to failure of adhering to the codes of corporate governance or codes of ethics.

CHAPTER FIVE

DISCUSSION OF THE RESEARCH FINDINGS

5.0 Introduction

This chapter dwells on the discussion of the findings presented previously. In general, the study attempted to assess the effects of corporate governance codes on corruption in Tanzania. The study intended to answer three questions which form the basis of the study objectives. The first question aimed at assessing whether corporate governance codes were adhered to in the public sector. The second one was directed at looking into the impact that corporate governance codes have on corruption eradication campaign in the public sector. The third and last question sought to identify key challenges faced by public corporations in implementing corporate Governance codes.

5.1 Discussion of the findings on organ(s) or committees responsible for making sure corporate codes of governance were adhered to in public institutions

With regards to adherence to corporate codes of ethics, findings revealed that 33 (83%) respondents agreed that they were adhered to in their respective public institutions in Morogoro municipality. The findings are similar to various studies conducted earlier. For instance, Mulili (2010), whose study focused on public universities in Kenya, did an extensive review of literature which indicated that the ideals of good corporate governance have been adopted by developing countries since the 1980s. However, the way in which these corporate governance codes were adhered to in developing countries differed from developed countries in a wide variety of ways. He further advised that, there was need for developing countries to develop their own corporate governance models that would consider the cultural, political and technological conditions found in each country.

From the researcher's point of view and based on the findings in this aspect of corporate governance being adhered to in Morogoro municipality, the question as to whether these corporate codes fall within the features of good governance or public

institutions in Tanzania practice good governance still begs answers. Do these corporate governance codes of ethics consider the political, cultural, economic and technological conditions of Tanzania? These questions provide a wider room and chance for further research in the aspect of good governance because the issues of adherence to corporate codes of ethics without aligning the same to cultural, political, economic and technological conditions could result in many problems including perpetuation, rather than eradication, of corruption.

There are well-founded indications that proper governance of public sector organizations in Tanzania might result into value addition on the part of their numerous stakeholders. Therefore it is important for the Government of the United Republic of Tanzania to come out with the best means of achieving good governance as the situation presented in Morogoro might be typical of other parts of the country. For instance, Oburota (2003) cited by Ogundiya (2010) argues that many people may differ on the best means of achieving good governance, but quite a good number of them will consent to the fact that good governance is very important for social and economic progress. With this in mind, one will wish to know; what is good governance?

In an attempt to answer that question, Downer suggests, and I concur with his suggestion, that “governance is the exercise of power or authority -political, economic, administrative or otherwise to manage a country's resources and affairs” (Downer, 2000:3). The Organization for Economic Cooperation and Development (OECD) defines good governance “as a concept consisting of a set of principles that address the effective functioning of government, the relationship of citizens and the parliament as well as the relationship of government. These principles consist of respect for rule of law, openness, transparency and accountability to democratic institutions, fairness and equity in dealing with the citizen's” (OECD, 2002 cited by Molefe, 2010:162). According to the New Partnership for Africa's Development (NEPAD) “good governance is all about transparency, accountability, integrity, respect for human rights and the rule of law, particularly decision making efficient and effective administrative and the civil service and parliamentary oversight” (ibid).

5.2 Discussion of the findings on the impacts of corporate governance codes on corruption eradication in public sector

When respondents were asked to state whether the corporate governance or codes of ethics had an impact on eradication of corruption, findings in table 4.7 revealed that; 30 (75%) respondents said yes. Therefore this finding means that if properly implemented, corporate governance codes can eradicate corruption. For instance as cited in Dube (2011), Loubser (2001:24) asserted that, corporate governance is the mindset of doing something right, not because somebody is watching but simply because it is the right thing to do, thus the failure to observe the principles of good corporate governance results in corruption. This argument therefore is supported by the fact that proper use of codes of ethics account for holding corruption to its low levels in Morogoro municipality.

However, for some of the empirical studies reviewed in this work, there has been no enough evidence from other nations as to how corporate governance codes of ethics helped to reduce corruption. Conversely, failure to use corporate governance codes properly led to corruption being identified as a major source of problems in almost everything in such nations' public institutions. For instance, Roda (2010), in his study of corruption and good governance, revealed that corruption had greatly contributed to the backwardness and failure of good governance in Nigeria. The country had not been able to implement policies which promote good governance and facilitate the development and success of the democratic process due to the prevalence of both high (political) and low (bureaucratic) levels of corruption. This canker of development threatened the moral integrity of the nation and hampered development. According to some analysts, even the anti-corruption efforts of governments such as that led by Muhammadu Buhari/Tunde Idiagbon and Olusegun Obasanjo failed to produce desired results Agbu, (2003). Some of these policies included Decree No. 5 of 1976 for the investigation of the assets of public officers and supported by the Code of Conduct Tribunals and the Code of Conduct Bureau as prescribed by the 1979 Constitution, the Corrupt Practices Decree of 1975, the 1979-1983 Ethical Revolution of President Shehu Shagari, the crusade against indiscipline undertaken by the

Buhari/Idiagbon government, the Corrupt practices and Economic Crimes Decree of 1990 and the establishment of a national committee for the fight against corruption and economic crimes between 1985-1993 by the Babangida regime .

Respondents were further asked to explain “the impact that corporate governance codes of ethics had on eradication of corrupt practices”; in responding to this open-ended question, majority said corporate codes enabled the achievement of transparency in the public conduct of government officials, enhanced accountability and adherence to professional ethics by the public sector staff that at the end guided their good conduct and helped to prevent corruption in the performance and execution of their duties”. The findings by this study are supported by Hope and Chikulo (2000:1) as cited in a study by Dube (2011) who argues that when corruption is rare, it can be easily detected and controlled. When corruption is happening in many institutions (widespread), it can also be manageable but in a situation where it is systemic, detection and control is minimal.

Therefore, the fact that in Morogoro municipality corruption was minimized to some extent could be attributed to the fact that it was not severely widespread to have caused difficulties in its management like in the rest of Tanzania where public offices are situated. Transparency, accountability of government officials and board of directors as well as adherence to professional ethics will foster democratic work environment characterized with certainty, predictability and increased moral values of stakeholders and the entire community. These arguments are supported by UNDP (2004:20) report cited in the study by Dube (2011), which suggested that corruption was primarily a result of poor governance, thus a solid framework of administrative strategies to manage society’s needs was required across public enterprises. When formal systems broke down in governance, it became harder to implement and enforce laws and policies that ensured accountability and transparency in the management of public activities.

To conclude the discussion on the finding that corporate governance had an impact in eradicating corruption, also as cited in Dube (2011), corruption was viewed as

principally an ethical issue thus it could not be studied without taking note of corporate governance (Chikura 2006:5). Corporate governance in that study was equated to governance. It was described as the mechanism for directing and controlling public institutions at the highest level. It was a system by which state public enterprises were held to account and a tool for fighting corruption. Corporate governance is therefore characterized by the following key pillars of effective governance as evidenced from the discussed studies to incorporate: fairness, responsibility, accountability, transparency and independence (Chikura 2006:5).

5.3 Discussion of the findings on key challenges faced by public sectors on corporate codes of ethics

In order to identify the key challenges faced by public sectors on corporate codes of ethics, respondents were first asked to state whether corruption as a problem was experienced in their places of work. It was revealed by the study findings that corruption was experienced in public institutions by 28(70%) of total respondents who said yes to the question. This helped the researcher to further ask respondents to provide in their own views the key challenges which faced public sectors in making existing codes of ethics practicable. They thus identified lack of financial resources to run corporate governance codes of ethics awareness creation campaigns, absence of employees' commitment to avoid corruption due to employees' own behaviors, inefficiencies in public offices operations - for instance payment to suppliers of various resources, negative attitude staff built on the existing codes of ethics that they were meant to disturb their day to day office operations and that the codes of ethics were mainly to penalize people/staff who misbehaved in their day to day activities and lastly was lack of awareness on the roles played by the codes of ethics.

With regards to lack of financial resources to assess effectiveness of awareness creation campaigns to corporate governance codes of ethics, the government of Tanzania will have to reform its corporate governance codes strategy by making sure it sets aside in its financial budget each year sufficient amount of funds specifically for making follow up and for conducting evaluation studies on how corporate codes of ethics campaigns create a peaceful atmosphere at work place and help to combat

corruption in the public institutions of Tanzania. Currently campaigns on adherence to corporate governance codes of ethics are being run in the state media in an attempt to educate public officials and other stakeholders dealing closely with the government to ensure smooth provision of public services but it has not been documented as to what extent these campaigns have been effective in minimizing problems caused by failure to observe codes of ethics.

Lack of employees' commitment to avoid corruption due to their own behaviors could mean that they (employees) could not avoid corruption because of some factors, as identified in the study by Obayelu (2007). Those factors include lack of clear rules and code of ethics which leads to abuse of political power. Hence, most Nigerian public officials were exposed to corrupt practices. Low salaries and unfavorable working conditions with few incentives for effective performance were strong incentives for corruption Obayelu, (2007). Therefore, employees' behavior which embrace corrupt practices could be attributed to low wages paid to majority of state workers hence incentivizing them to seek alternative means to meet their family obligations even if that amounts to infringing the law. For instance, in order to obtain services from some public institutions now in Tanzania individuals have to set aside a certain amount of money to enable them obtain that service in time. A good example can be seen in the processing of passport and residence permits from immigration offices in various areas of the country. When one wants the passport/ permit at a short notice, he/she will be obliged to pay more than the set fees. The same scenarios are observed in the job application processes, in enrolment to public schools and universities and in obtaining other services as well. So it has become a normal behavior among public civil servants to receive 'something additional' in return for provision of services.

Moreover, inefficiencies in public activities can be an obstacle towards making corporate codes of ethics practicable in Tanzania. This is mainly because of inefficiencies in almost everything from securing reliable source of supply for various requirements by the country to provision of services to the general public. These inefficiencies are creating room for public officials to act against laws of the country and hence posing even more challenges in the implementation of good governance.

In order for the government of the United Republic of Tanzania to combat the challenges identified in this study with respect to corporate codes of governance, reforms need to be made in areas that pave way for corruption to take place. As suggested in the Stewardship theory, when people choose services over self-interest they are willing to be deeply accountable for their deeds. Stewardship begins with the willingness to be accountable, for some larger body than ourselves; an organization, a community. Stewardship springs from a set of beliefs about reforming an organization that affirms our choice of service over the pursuit of self-interest. Therefore government should make efforts to inculcate the spirit of working for the benefits of all rather than self-interest into the minds of leaders in Tanzania including members of boards of directors. Moreover efforts should be made to reduce inefficiencies in the public operations, for example unnecessary bureaucracy in public service provision.

CHAPTER SIX

SUMMARY, CONCLUSION AND POLICY RECOMMENDATIONS

6.0 Introduction

Chapter six presents summary of the findings, conclusion and policy recommendations of the study. The findings and policy recommendations could be used as a model for future use by government, NGOs, community groups, financial and non-financial institutions as well as other private companies in the country without forgetting academic and social researchers and policy makers for the country.

6.1 Summary of findings

This study intended to assess effects of corporate governance codes on corruption in Tanzania. Specifically it had three objectives; to assess whether corporate governance codes were adhered to in public sector, to assess the impact that corporate governance codes had on corruption eradication campaign in public sector and finally to identify key challenges faced by public sectors on corporate Governance codes.

The study had a sample of 40 respondents that were selected on a convenient basis in the selected public institutions. Due to time and financial constraints the study involved public sectors in Morogoro region only. The study was descriptive in nature and survey-based. Hence it used questionnaire method in the collection of primary data.

Findings from the field of study revealed the following; first corporate governance codes were adhered to within the selected public institutions, corporate governance codes of ethics had an impact on eradicating corruption practices. Moreover, corporate codes enabled the achievement of transparency in the public conducts by government officials, enhanced accountability and adherence to profession ethics by the public sector staff. The study also identified key challenges in making the codes of ethics practical and these included lack of financial resources to assess effectiveness of corporate governance codes of ethics' awareness creation campaign, absence of employees commitment to avoid corruption due to employees' own behaviors,

inefficiencies in public offices operations for instance payment to suppliers of various resources, negative attitudes staff built on the existing codes of ethics and, lastly, lack of awareness on the roles played by the codes of ethics

6.2 Conclusion

Since Prescient Jakaya Kikwete was elected to lead the nation during the Presidential Elections in 2005, Tanzania government has been well recognized for across the country and in the donor community for fighting corruption. A recent statement issued by Tanzania's Prime Minister Mizengo Pinda (TBC, 2013), has pointed out that corruption is decreasing in the country due to protracted efforts by relevant organs and due to campaigns that are currently carried out in mass media to eliminate the root causes of corruption in Tanzania. It should be noted that proving that measures of combating corruption have improved the state of corporate governance in Tanzania is very difficult because of the way corruption is taking place in public offices. In most cases this is done secretly and to trace and prove it is not easy unless one of the parties to corruption decides to say so.

To conclude this study, combating corruption in Tanzania can improve the state of good government if a systematic approach is taken. This involves making major changes to the current corporate codes of ethics as well as emphasizing on the need for board of directors and the high government officials to make sure they work for the interest of all individuals rather than for their self-gains. Moreover, to make corporate governance more practicable to solve problems in both public and private sectors, members of parliament also need to participate in the campaign against corruption by making it clear to the entire society that they are willing to be accountable leaders, representing the needs of those they serve. Lastly it should be clear that it is one thing for an individual to be corrupt and also another thing for the entire system to be corrupted. Hence, Tanzania policy makers need to reshape the entire system and focus on both individuals and the entire system to enable achievement of good corporate governance.

6.3 Policy recommendations

Basing on the above findings and analysis of data, and the resulting conclusions, the following are the recommendations which are intended to act as a model to be used by policy makers in Tanzania.

6.3.1 General Recommendation

It is recommended that the level of remuneration in public enterprises for public officials be improved so that the minimum grounds for corruption motives are reduced. When salaries are too low, officers are obviously forced to indulge in unethical activities which in turn affect the general public directly or indirectly.

The study also recommends that all public officials should undergo studies in the dimensions and root causes of corruption and on its negative impacts on the well-being of the entire country. When officers are trained and equipped with knowledge on how corruption can be reduced, public enterprise performance and integrity will be improved. Corrupt individuals create drawbacks in the management of public enterprises. Therefore, policies should make sure they are terminated from employment and not allowed to engage in any government related work at both local and national levels.

The policy makers should ensure they administer properly the anti-corruption hotlines to enable the general public to report alleged corruption cases. The internet and phone services should continue to be utilized in the hotline system and the system be made easily accessible to the entire population at little or no costs. These hotlines should be controlled by the anti-corruption agencies such as TAKUKURU.

Also in assessing the impact of corruption on corporate governance, adequate training of personnel on legal issues related to the handling of complaints received and administering public campaigns from the media is of utmost importance. This means regular checks are to be made to ensure the campaigns are constantly viewed in the available mass media at appropriate time to reach right individuals (audience).

Lastly, geographically the research has been confined to only Morogoro region because of time and cost constraints and it involved 40 employees. The findings therefore need not be generalized for the entire country. It is therefore for future research to cover a large part of the country, if not the entire country, to obtain meaningful findings.

6.4 Implication for further research

Through its findings the study detected a lacuna on the impact of public awareness campaigns relating to the issue of corporate governance codes of ethics. Therefore future academic study should fill this knowledge gap. Moreover, to make the current findings on the impact of codes of ethics a meaningful benchmark, future research should be conducted in the same area in at least an interval of 3 to 5 years to observe the change on the effects of corporate codes on corruption. In addition, future research should be conducted to consider impacts of corporate governance codes on other variables, for example on work attitude, discipline etc. and not only on corruption.

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APPENDICES

Appendix one:

QUESTIONNAIRE

The purpose of this questionnaire is to gather data that will assist to know the effect of the corporate governance codes on corruption in Tanzanian's public sectors, particularly public sector organizations found in Morogoro region, and hence to set up ways of improving those policies and see the effect of those policies in corruption. Kindly therefore you are requested to fill in the questionnaire and return the same to the researcher of this work study.

1. Gender a) male ☐ b) female ☐
2. Age a) 18 - 35 ☐ b) 18-35 c) 36-45 ☐
- d) 46-55 ☐ e) 56 and above ☐
3. Marital status a) Single ☐ b) Married ☐ c) Others.....
4. Maximum education level a) P/School ☐ b) S/School ☐ c) Certificate ☐
- d) Diploma ☐ e) First degree ☐ f) Masters ☐
- g) PhD ☐ h) Others
5. Employment status a) Employed ☐ b) Self employed ☐ c) Unemployed ☐
- e) Student ☐

6. What is the nature of the Organization you are working for?

(i) Public institution

☐

(ii) Local Government

☐

(iii) Other (specify)

☐

7. Do you know the Corporate Governance codes or codes of ethics?

YES

☐

NO

☐

7. Is your Institution having the Corporate Governance codes or codes of ethics?

YES

☐

NO

☐

8. If the answer to question 7 is YES, How do you assess the adequacy of the available Corporate Governance codes or codes of ethics in respect to the performance of your Institution?

Adequate

☐

Inadequate

☐

9. If not adequate, how does this inadequacy affect the performance of your Organisation?

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10. What do you think are the key challenges faced by your Institution on making the existing Corporate Governance codes or codes of ethics practicable?

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11. Most of the Public Institutions in Tanzania experience the corruption problem, is this same as to your Institution?

YES

☐

NO

☐

12. If the answer to question 11 is yes, what are the factors caused corruption practices in your Institution? Mention

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13. In your opinion, are the efforts made by your Institution on eradication of corruption adequate?

Adequate ☐

Inadequate ☐

14. Do you think that, the Corporate Governance codes or codes of ethics have impact on eradication of corruption at your Institution?

YES ☐

NO ☐

15. If the answer to question 14 is yes, what are the impacts of Corporate Governance codes or codes of ethics on eradication of corruption at your organisation?

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16. Is there any organ(s) or committee(s) within your Institution responsible for making sure that Corporate Governance codes or codes of ethics adhered to?

YES

☐

NO

☐

17. If the answer is yes, what is the official title of the organ or committee?
-

18. Do you think that, this organ(s) or committee(s) is supplied with relevant, accurate and adequate information to enable them to discharge their duties efficiently?

YES

☐

NO

☐

19. Do this organ(s) or committee(s) has authority to discharge punishment or penalties to officials not adhered with the Corporate Governance codes or codes of ethics available?

YES

☐

NO

☐

20. Any comments or suggestions if any?

THANK YOU A LOT FOR YOUR COOPERATION