EFFECTIVENESS OF BOARD OF DIRECTORS'COMPOSITION ON PERFORMANCE OF GOVERNMENT PARASTATALS:

A CASE OF PARASTATAL INSTITUTIONS IN TANZANIA

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A CASE OF PARASTATAL INSTITUTIONS IN TANZANIA

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CERTIFICATION

We, the undersigned certify that, we have read and hereby recommend for acceptance by the Mzumbe University a dissertation entitled ***"Effectiveness of Board of Directors' Composition on Performance of Government Parastatals: A case of Parastatal Institutions of Tanzania"*** in a fulfilment of the requirements for the Degree of Master of Business Administration in Corporate Management.

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Signature

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DECLARATION AND COPY RIGHT

I, **Elvis J. Msigwa** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature___________________________________

Date ………………………………………………...

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DEDICATION

This work is dedicated to my beloved wife Suzan R. Mmassi, my children Cleopatra and Geovanna.

LIST OF ABREVIATION

DART	Dar es Salaam Rapid Transport Agency
EWURA	Energy and Water Utilities Regulation Authority
NEMC	National Environment Management Council
STAMICO	State Mining Corporation
TANESCO	Tanzania Electric Supply Company
TBS	Tanzania Bureau of Standard
TCRA	Tanzania Communication Regulatory Authority
TEA	Tanzania Education Authority
TPA	Tanzania Ports Authority
TPDC	Tanzania Petroleum Development Corporation

ABSTRACT

The central purpose of the study was to assess the effectiveness of board of directors' composition in performance of government Parastatals in Tanzania. In particular, the study aimed at examining the relationship between board members' expertise and the performance of government Parastatals in Tanzania; to find out the relationship between size of the board and the performance of government Parastatals in Tanzania; to explore the relationship between board members' experience and the performance of government Parastatals; and to examine the relationship between board members' age and the performance of government Parastatals in Tanzania. The study used a mix of both qualitative and quantitative research techniques, whereby a total of10 government Parastatals and 50 board members were investigated. The data was collected from primary sources and analysed qualitatively and quantitatively, mainly by using descriptive and inferential statistics. The findings revealed that board members' experience and age of the board members are significant for the performance of government Parastatals in Tanzania. This was proved by their lower probabilities than the significance level that was used in the estimation. The study also found that the challenges that face the board of directors in steering the performance of government Parastatals includes financial issues, insider director's failure to implement proper policy functions, lack of extreme nationalism and patriotism among public servants and political interventions in the implementations of government Parastatals. The study has concluded that, composition of board of directors plays significant roles on the performances of government Parastatals. Therefore, the study recommends that, the board members' selection should draw from insider and outsider members, specific tenure of services, better education background and gender inclusiveness. These premises will ensure significant contributions to the steering of performance of government Parastatals.

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CHAPTER ONE

INTRODUCTION AND PROBLEM SETTING

1.1. Introduction

Board of directors refers to the group of people voted by investors of the company to represent the interests of the investors and guarantee that the administration of the organization acts on their behalf (Boland, 2009). The board of directors perform a significant role in the performance of a company. Some functions include establishment of a company vision, mission and value; setting strategy and structure; practise accountability to shareholders and be accountable to relevant stakeholders; provide direction for the company; and protect assets of the shareholders and ensure that the shareholder receive a decent return on their investment (Davies, 2000).

In this, the rest of the chapter is organized as follows; section 1.2 presents the background of the problem. Section 1.3 contains statement to the problem whereas section 1.4 contains objectives of the study. Section 1.5 shows the research hypotheses. Section 1.6 explains significance of the study, and finally section 1.7 is about scope and limitation of the study.

1.2. Background to the Problem

Effective board of directors has been an important instrument for ensuring the managers and directors performs their duties and responsibilities based on answerability and pellucidity which contributes to better performance. Monks (2011) posits that, better performance of an entity or firm is related to effectiveness of boards of directors to attribute accountability and transparency in performing duties and responsibilities among managers and staff in an organization. The government established public enterprises in order to steer implementation of the duties and responsibilities stipulated through its mandate in the act which created the establishment of such parastatal enterprises.

According to Osaze (2007), a critical roles pertained with board of directors is to make sure that an organization has a sound performance as well as employees perform their duties aligning with laws, regulation and policies in order to steer heard accountable management. The trend shows that the world wide Parastatal enterprises which are performing better have an effective board and board members are accountable to steer performance of an organization. According to Kihara (2016), parastatal enterprises performance is associated with transparency and accountability in implementations of duties and responsibilities in an organization. Lack of accountability and transparency has contributed to fraud and embezzlement of fund that affect better performance of enterprises.

The concepts of embezzlement and misuse of public fund can be minimized if the board of director performs their duties and responsibilities diligently. Globally, the performance of an organization is steered heard by the board of director. Ineffective board of director has been one of the important indicators for poor performance of Parastatal enterprises around many countries (Berglof and Von Thadden, 1999). Various studies have provided the similar results on board of directors' effectiveness and firm performance. For instance, Bebchuk et al. (2014) indicates that an effective board of director governing firms has higher firm performance.

In Tanzanian Parastatal enterprises such as TANESCO was involved scandals related to embezzlement of public fund which aroused questions about the effectiveness of boards of directors (The East African, November 27th- December 3rd 2014). The Auditor General has frequently shown how parastatal bodies misuse their funds. TANESCO with a capital of near a trillion shillings and a yearly turnover of 420 billion shillings (understated due to electricity theft) but failing to deliver services is a paradox (CAG Report, 2014). This provides evidence that corporate governance of the board of director in parastatal enterprises in Tanzania has remained a critical problem which requires an apprehensive analysis. Therefore, this study was conducted to assess the effectiveness of board of directors' compositions on the achievement of government Parastatals in Tanzania.

1.3. Statement to the Research Problem

The performance of government Parastatals depends much on the effectiveness of the board of directors voted to lead the organization. However, majority of the government Parastatals in developing world, including Tanzania are not performing better. Scholars and researchers now are in dilemma of the reasons for failure of better performance by government Parastatals. According to Bagachwa et al. (2011) ineffectiveness of the board of directors contributes to poor performance of parastatal enterprises in Tanzania, just like in many Sub-Saharan Africa countries.

Etukudo (1999) further confirmed that, ineffective boards of directors have been contributing to poor performance of parastatal enterprises in sub Saharan African countries. The role of the board of director has remained questionable as far as scandals of embezzlement have been ongoing in many government parastatal enterprises in Tanzania (Wangwe, 1992). The dilemma emanates from the lack of justification as to why are the boards of directors are not helping the government Parastatals to perform better. Based on this, the study sought to explore the effectiveness of the board of directors in steering performance of parastatal enterprises in Tanzania. The aim was to investigate on the composition of board of directors particularly on the aspects of experience, age, expertise and experience. In addition, the study examined the challenges facing board of directors in steering the performance of government Parastatals.

1.4. Research Objective

1.4.1. General Research Objective

The main objective of this study was to assess whether board of directors' composition have any impact on the performance of government Parastatal in Tanzania.

1.4.2. Specific Objectives

i. To examine the relationship between board members' expertise and performance of Parastatals in Tanzania.

ii. To find out the relationship between size of the board and performance of Parastatals in Tanzania.

iii. To examine the relationship between board members' experience and performance of Parastatals in Tanzania.

iv. To explore the relationship between board members' age and performance of Parastatals in Tanzania.

v. To investigate the challenges facing board in steering performance of selected parastatal in Tanzania.

1.5. Hypotheses of the Study

Hypotheses are tentative statements that portray the relationship of two or more variables. More specifically, hypothesis is a definite and testable prediction about what a researcher expects to get in the study. Hypothesis is categorised into null and alternative hypothesis. A null hypothesis comprises of a statement that explains that there is no relationship between two variables whereas alternative hypothesis says that there is a relationship between two variables. In this study, a researcher tested the following hypotheses:

i. H_0: There is no relationship between board member's expertise and performance of Parastatals in Tanzania

H_1: There is a relationship between board members' expertise and performance of Parastatals in Tanzania.

ii. H_0: There is no relationship between size of the board and performance of Parastatals in Tanzania

H_1: There is a relationship between size of the board and performance of Parastatals in Tanzania.

iii. H_0: There is no relationship between board members' experience and performance of Parastatals in Tanzania.

H_1: There is a relationship between board members' experience and performance of Parastatals in Tanzania.

iv. H_0: There is no relationship between board members' age and performance of Parastatals in Tanzania.

H_1: There is a relationship between board members' age and performance of Parastatals in Tanzania.

1.6. Significance of the Study

This study has important underwrites to the current frame of information and academic literature on effectiveness of board on the performance of government parastatal in Tanzania. More specifically, the study provides the following significance:

i. The study provides input for policy makers in understanding the effectiveness of board of directors' composition on performance of Parastatal enterprises in Tanzania that can be used to steer policy formulation in a country.

ii. Empirical researches on the effectiveness of board of directors' composition on performance of Parastatals in Tanzania are limited; this study therefore, adds empirical findings on the existing body of academic knowledge.

iii. It is great of importance that the findings of this study are of interest to the management of Parastatals who are able to determine the effectiveness of the board of directors' composition on the performance of government Parastatals.

1.7. Scope of the Study

The study focused on examining the effectiveness of board of directors' composition on performance of government parastatal in Tanzania. The study was conducted in Tanzania mainland; whereby ten government Parastatals namely EWURA, TANESCO, TCRA, DART, STAMICO, TPDC, TBS, TPA, TEA AND NEMC were investigated in order to answer the stated objectives.

1.8. Organisation of the Study

The entire report is divided into five chapters; chapter one presents the introduction to the study, background of the study, statement to the problem, study objectives, hypotheses of the study, significance of the study, scope of the study and limitation of the study so as to give the blue print on why the study was conducted.

The second chapter comprises of a literature review, which includes theoretical literature review, empirical literature review, and conceptual framework. The third chapter presents the research methodology which defines the ways used collect and process data and information about the study. It includes research design, area of the study, target population, sample size and sampling techniques, data collection method and the data analysis approach.

Chapter four presents the analysis of data and discussion of the findings. This is grouped into two parts: The first part introduces descriptive statistics of the results whereby frequency distribution tables have been used for data presentations.

The implications have been discussed in terms of frequency and percentages of the distribution. The second part presents the inferential statistics analysis by using binary logistic econometric model, whereby the findings are presented in terms of level of significance, odd ratios, Pseudo R square and probability Chi-Square.

Chapter five presents the summary of the study, conclusions according to study findings and the policy implications of the study findings.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter presents a review of the different literatures on the effectiveness of board of directors on the performance of government Parastatals. In particular, this study reviewed the theoretical literature on the explanation of key terms and presents the relevant theories that support and explain various issues in effectiveness of the board of directors on performance of government Parastatals.

The chapter also presents reviews of empirical studies by other researchers to see their results concerning the effectiveness of board of directors on the performance of government Parastatals. Moreover, the chapter presents the conceptual framework which shows the relationship between the dependent and independents variables.

2.2. Theoretical Literature Review

The theoretical literature review is based on the review of the different literatures that explain the happening of something but have not yet been tested. This section presents the explanation of key terms and theories that have been used in the study.

2.2.1. Explanation of Key Terms

2.2.1.1. Government Parastatals

The Parastatals are organization or firm or company which has some political power and are indirectly controlled by the state. The public organization was established by its Act to provide services and goods for the interest of the public. According to Shirley (2010), government parastatal as the ones that provides goods and services which are not normally provided the private sector and profit maximization is not the only one basis for measuring their efficiency.

2.2.1.2. Board of Directors

The Board of directors is the relationship that existing between the investors of corporations and managers trusted to implement functions of an organization (Monks et al., 1995). There is a particular legislation which indicates a fiduciary association among shareholders of the corporations. The trusted managers have functions of ensuring policies of the board of directors are properly and effectively implemented in order to promote an effective performance.The board of directors should therefore be controlled and composed-off in such a way that it will act to examine itself.

2.2.1.3. Board Members' Size

Board members' size refers to the number of board members that constitutes the board. The relationship that exists between size of the board of executives and the achievement of government Parastatals are mixed up. Some researchers and scholars support that large size of a board is appropriate for the performance of government Parastatals whereas others support that small size of a board suffices for the performance of government Parastatals.

Coles et al. (2008) argued that the enormous size of a directorate will support and educate firm the executives all the more viably in light of the fact that regarding a complex of the business condition and hierarchical culture. Notwithstanding, a huge board size will accumulate considerably more data, as a result, a superior government parastatal performance.

However, Anderson et al. (2004) asserted that boards with a massive number of executives can be an annoyance and costly for the performance of state parastatal particularly in the developing world. Hermalin and Weisbach (2003) showed that scheduling, work organization, decision-making and schedule meetings can be troublesome with countless board individuals. This school of thought recommends that the viability of the governing body does not rely upon what number of directors sits on it, albeit a base number of executives with sufficient experience and learning are essential to guarantee undertakings are completed effectively.

2.2.1.4. Board Members’ Expertise

Board member’s expertise is explained as the one skill he or she poses. According to Yusoff and Fauzia (2010), board members’ expertise is the individual knowledge and skill a board member possesses that could have attained through education and various experiences. However, the combined knowledge and skill of a member in the board are intangible assets but are related with the performance of government Parastatals. In addition, qualified and experienced board members are strategic resources and their experience and knowledge are found critical to the performance of government Parastatals.

2.2.1.5. Board Members’ Experience

The experience of the board of executives is a significant factor for the performance government Parastatals. The researchers showed that board of directors with a privileged age normally will have considerably more understanding of the organization compared to younger age. In this, the experience of board individuals is required to decidedly add to the better execution of a firm. In any case, a more established age board part has all the earmarks of being progressively forceful and authoritarian with choices. These attributes of the board of directors may result in risky-decision making, which may destabilize the administration parastatal' exhibition (Johnson et al., 2012).

2.2.1.6. Board Members’ Age

Age can be used as an intermediary for the degree of experience and risk-taking manner. The study by Hambrick and Mason (2004) elaborated that vigorous junior directors are progressively disposed to embrace in uncertain strategies, and firms with junior directors will encounter higher development than their partners with more established administrators. This can be comprehended since elder directors will in general be more risk opposed and might be at a point in their lives at which money related security and profession security are significant (Hambrick and Mason, 2004), while more youthful administrators will, in general, have a higher capacity to process new "thoughts, lower eagerness to acknowledge business as usual, and less enthusiasm for profession dependability. In the administration and association hypothesis writing, Hermann and Datta (2005) indicate that more youthful managers lead to more significant levels of global exploration.

2.2.2. Theories Used in This Study

2.2.2.1. Agency Theory

Berle and Means (1932) developed the concept related to the organization which has different stakeholders and each stakeholder has different expectation from an organization. The agency theory focused on how managers of an organization are capable to take accounts of the expectation of different stakeholders and maximizes profitability and performance. The investors, for the most part, commit their position to the supervisors who are utilized to progress in the direction of expanding the estimation of the firm. Furthermore, based on the agency theory, investor's wealth expansion may not work because of moral hazard. That is, the directors, with whom investors have endowed the tasks of their firm, will act astutely to accomplish their very own enthusiasm rather than the investors, subsequently making the firm struggle. The fundamental worry of this theory in corporate administration is to create rules and motivators to dispose of or limit the irreconcilable situation among managers and investors.

To alleviate the organization problems, Jensen (1983) came up with two steps: the principal-agent risk bearing mechanism must be designed efficiently; and the design must be monitored through the nexus of organizations and contracts. This makes the firm incurs agency costs in ensuring that managers' activities are aligned to the shareholder's wealth maximization.

As a company supremacy solution to the agency conflict, Fama (1980) elaborated that the disagreement can be restricted efficiently by means of interior mechanisms formulated in response to competition from other firms.

The theory assumes that managers have to make sure that they address the agent problem in performing functions of an organization. The resource dependency theory centers on the role of the board of managers in availing right to use to resources required by the organization. This entails that administrators play a full role in providing or securing resources essential to a company through their connection with the external companies (Hillman et al. 2000). Because the organization exists in a complex competitive environment, it requires directors who can bring resources and skills to an organization to give its competitive advantage.

According to the theory, insiders, is made out of previous and present officials that give aptitude in specific areas of the firm itself just as general methodology and course; business specialists who give skill on business system, basic leadership, and critical thinking; the help masters are the individuals who offer help in particular fields, for example, banking, law, protection or advertising; and the network powerful who are normally legislators and pioneers of social or network associations

2.2.2.2. Stewardship Theory

Donaldson and Davis (1991) demonstrated that entrusted managers in an organization are driven by objective focused as well as managers focused on promoting appropriate performance. The stewardship theory has been useful in explaining maximization of shareholders in performing obligations and duties of the endowed directors.

The study is associated with stewardship theory which focuses on explaining the role of the managers entrusted to manage an organization. The theory was developed by Donaldson and Davis in 1991. The theory focuses on managers operating function of an organization aligned with goals focused as well as manager's motivated ambitions to realise overall performance of an organization. The theory provides a very critical link on the role of the board of director in facilitating performance of an organization because it demonstrates the function of managers entrusted with the corporation to ensure they ensure goals of an organization as well as manager's ambitions to perform better.

2.2.2.3. Stakeholder Theory

This theory states that the motivation behind the firm is to create wealth for every one of its investors, rather than just only shareholders, by transforming their stakes into goods or services (Clarkson, 1994). Freeman (1994) the interesting part of stakeholder's theory is demonstrating answers to various questions such as does all stakeholders knows the aim of an organization which plays significant roles in understanding short and long term objectives of an organization. In addition to that, another question is important duties and responsibilities where members of management have to undertake in order to realise institutions objectives. Furthermore, the theory was aimed at indicating how managements are linked with stakeholders in performing their day to day duties and responsibility. The link between management and stakeholders helps to understand why an organization exists and what should be done in order to achieve the organizational objectives.

2.2.2.4. Resource Dependency Theory

This theory centres on the job of the top managerial staff in benefiting access to assets required by the association. This involves executives assume a dynamic job in giving or tying down assets basic to an association through their linkages with the outer condition (Hillman, Canella and Paetzold, 2000). Because the organization exists in a complex competitive environment, it requires directors who can bring resources and skills to an organization to give its competitive advantage. According to the theory, managers can be grouped in to four categories: insiders, composed of former and present directors that give mastery in explicit areas of the firm itself just as general technique and direction; business specialists who give skill on business methodology, basic leadership and critical thinking; the support expert are the individuals who offer help in particular fields, for example, banking, law, protection or advertising; and the community influential who are typically legislators, priests, college employees, pioneers of social or community associations.

2.2.2.5. Transaction Cost Theory

This theory sees the organizations as an association including individuals with various perspectives and targets. It accepts that the firm has outgrown to the degree that it substitutes for the market in deciding the assignment of assets. This implies the association and structure of the firm to decide cost and creation. The unit of investigation in this theory is the exchange. The theory recommends that directors are opportunists and organize firms' exchanges to their advantage(Williamson, 1996).

2.2.3. Effectiveness of Boards of Directors

The effectiveness of the board of directors depends upon how well they are performing their duties to make sure an organization is performing Hermalin and Weisbach, (2001).The board of director requires making management realise their organization (Hart,1995). The board of director which does not critically approve policy issues that lead to better performance contributes to ineffectiveness of such board (Fama and Jensen, 1983). How effective of the board depend upon the size and composition of the board and the manner to which they are performing their duties and responsibilities (Baysinger and Butler, 1985). The board of director is effective if it has been suited to make sure management are accountable and realise the policy focus of an institution (Jensen and Meckling, 1976; Williamson, 1981).

Morck et al. (1988) board of director is effective if it can be able to realise organization and stakeholder expectation. The effectiveness of the board of director depend upon how it is prepared to ensure the organization realise short and long term objectives (Morck et al., 1988). The effectiveness of the board of director can be measured by promising work for future achievement of organization goals (Jensen, 1993; Denise 2001; Denise and McConnell, 2003).

2.3. Empirical Literature Review

Bebchuk, Cohen and Ferrell (2004) indicate that, well-governed firms have higher firm performance. Pandey (2010) provides financial measures in terms of return on assets (ROA) which is measured by dividing profit after tax by book value of total assets (BVTA); return on investment (ROI) which is found by dividing earnings before interest and tax by total asset; return on equity found by dividing net profit by shareholder's equity, and the Tobin Q which is the market value of equity plus book value of debt all divided by the book value of total assets.

The board size refers to the number of directors on the board or the number of directors of the board at a given period. The effect of board size on firm performance has been a mixed one. Empirical studies have given mixed finding on the relationship between both variables. Lipton and Lorch (1992) recommend limiting members on a board with seven or eight. A large board could also result in unproductive result as discussing in large group is often difficult and time consuming and sometimes lead to in cohesiveness amongst members. Yermack (1996) empirically tested these arguments using 452 large U.S firms and reported a negative relationship between board size and performance. Sundgren and Wells (1998) tested relationship between board size and profitability with small and midsize Finnish Firm and found a negative association between the two. However, Barnhart and Rosentein (1998) found that firms with smaller board size perform better, and are highly valued than those with larger size.

Chen (2008) in his studies of 923 giant companies from 1998 to 2004 on multiple directorship concluded that the multiple directorship has both prices and advantages to the firm. He found that companies with high growth chance and low agency conflict would like multiple directorships which might be sources of helpful advising and might result in improvement in firm performance. On the other hand, multiple directorships as a result of the director's reputation are positively associated with shareholder wealth. A multiple director is a director who sits on multiple boards.

Xu and Wang (1997) in the investigation of ownership structure and its consequences for the exhibition of openly recorded firms in China find that proprietorship structure (both mixed and concentrated) has a considerable effect on performance. They further that there is a positive connection between's proprietorship focus and profitability.

They proceed with that benefit is emphatically connected with legitimate people or institutional proprietorship, yet is contrarily corresponded or uncorrelated with state ownership.

Mwangi (2001) study investigated the business administration practices among agencies companies in Kenya. He found out that most companies appeared to have addressed governance issues fairly well. He also found out that jointly owned companies have had an edge over their locally owned counterparts in governance practices. He concluded that there is a relationship between the level of governance and ownership as far as companies are categorized into locally or jointly owned.

Lehman, Warning &Weigang (2009) study of 361 German Corporations for the period 1991 to 1996 was to determine whether more efficient governance structures lead to profitability. To determine such, the researchers determined efficiency by comparing the firms with respect to ownership concentration, the identity of the owners, capital structure, and firm growth of multi-inputs/ multi output Data Envelop Analysis. Their findings uncovered that the effectiveness scores undoubtedly contribute fundamentally to expand profitability clarifying contrasts between firms considerably in the wake of controlling for industry impacts and imperceptibly precise impacts.

Kajola (2008) examined the relationship between the audit committee and two firm execution measures: return on equity (ROE) and profit margin (PM) of an example of twenty Nigerians recorded firms in the range of 2000 and 2006. Utilizing a panel methodology as a strategy for estimation, the outcomes couldn't give a noteworthy connection between the two execution measures and the audit committee. These outcomes are predictable with earlier prior empirical studies.

2.4. Research Gap

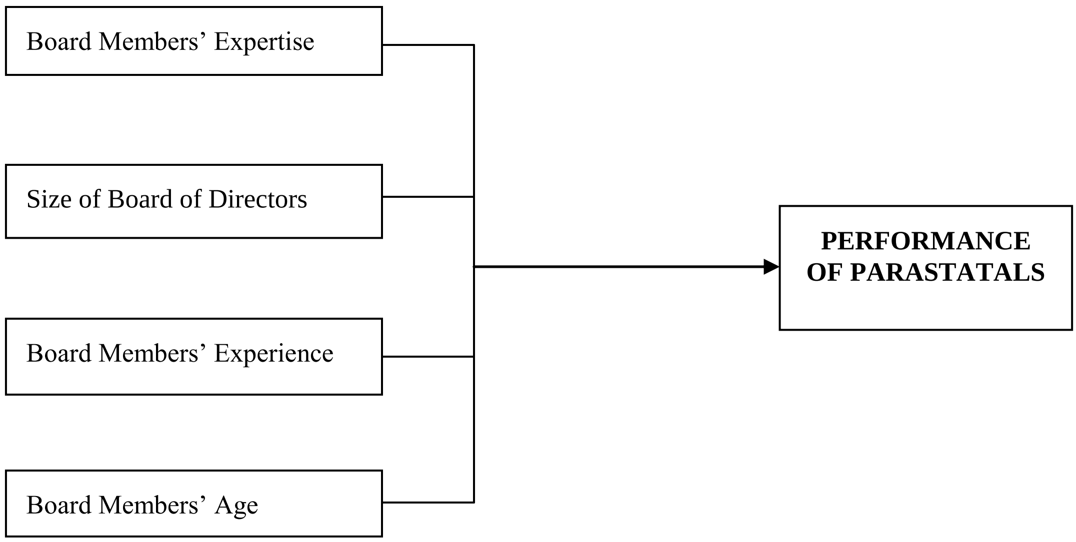
Empirical studies have not indicated the effectiveness of board of directors on the performance of government organization. Basing on the theoretical and empirical literature review there are rare studied that indicated the effectiveness of the board of directors’ composition on the performance of government Parastatals particularly in

Tanzania. This study filled the gap by conducting a study on effectiveness of board of directors' composition on the performance of government Parastatals in Tanzania.

2.5. Conceptual Framework

In this study, the performance of government Parastatals is a dependent variable, whereby the board of directors' composition stands for the independent variables. To begin with, the relationships between the variables are linked to the resource base and institutional theory which portrays that the performance of government Parastatals depends upon the effectiveness of the board based on the size of the board members, board members' expertise, board members experience and board members' age. The pictorial presentation of conceptual framework was shown in Figure 2.1.

Figure 2.1: Conceptual framework



Source: Researcher Construct (2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter provides detailed explanations on research approach and research design, the area where the study was conducted, methods and instrument which the researcher used in the process of collecting data and the techniques that were used by the researcher in data analysis and presentations of findings.

3.2. Study Area

The study was conducted in Tanzania mainland. Ten (10) government Parastatals were investigated, namely; EWURA, TANESCO, TCRA, DART, STAMICO, TPDC, TBS, TPA, TEA and NEMC. The reason for the choice of the area of study was to allow for the collection of data through questionnaires.

3.3. Research Design

The study used cross-sectional research design in which data was collected at one-point at a time. The design was selected because it is cheap, quick and effective utilities, limited resources in terms of funds, labour, transport and time. It was also very useful for descriptive purposes and in determining the relationship in causal-effect studies (Creswell, 2013).

3.4. Targeted Populations

The targeted population in this study was 25 government Parastatals operating legally in Tanzania. These government Parastatals operating in Tanzania have board members and staffs among which were chosen as a sample. These were given the questionnaires to fill.

3.5. Sample Size and Sampling Procedures

3.5.1. Sample Size

The sample size is the element selected from targeted population. The sample size is calculated based on whether the targeted population is known or not. In this study, the sample size used in the study was 10 government Parastatals operating in Tanzania and 50 board members. Table 3.1 shows the selection government Parastatals and the board members.

Table 3.1: Government Parastatals and Board Members Selected

No.	Name of the Parastatals	Total Number of the Board Members	Number of Board Members Selected
1	EWURA	8	5
2	TANESCO	9	5
3	TCRA	7	5
4	DART	8	5
5	STAMICO	8	5
6	TPDC	7	5
7	TBS	8	5
8	TPA	9	5
9	TEA	7	5
10	NEMC	7	5
Total		**78**	**50**

Source: Field Data

3.5.2. Sapling Procedures

This study used purposive sampling technique to select the government Parastatals in Tanzania. The researcher used purposive sampling technique because it allowed the researcher to select government Parastatals which were possible to provide data at the right time. The researcher used simple random sampling technique to select members of the board for filling the questionnaires. The random sampling was applied in such a way that the name of the members was written in the piece of paper for each parastatal and put them in a different basket. A piece of paper was chosen from each basket until a total of 5 members from each basket were selected to make a total of 50 board members to constitute the sample size.

3.6. Data Collection Methods

The primary data collection methods were used in this study. The questionnaire and interview were used in collecting this type of data. The interview is a strategy for gathering data through verbal or oral correspondence between the researcher and the respondents (Kothari, 2004). Interviews were expedited by interview guide instrument. The interview technique was picked in light of the fact that it was very adaptable, versatile and applied to numerous individuals and knowledge obtained easily and well explained. The interview was administered to members of the board. The study assumed that data that was collected from interviews provided accurate and explanatory primary data for the study.

A questionnaire is a data gathering framework in which each individual is drawn closer to respond to a comparative arrangement of request in a fated solicitation (Saunders et al., 2003). Questionnaires are ordinarily utilized instruments to acquire significant data about the population; the technique uses inquiries so as to accumulate data (Patton, 2002). The questionnaire was administered to senior staff working in three selected Parastatal Enterprise.

The technique helped the researcher to gather information within reach and gets a great deal of data on the issue under scrutiny. Questionnaires were the economical method for collecting data from a required number of respondents and were only sufficient way to reach a number of reviewers large enough to allow a statistical analysis of the results (Yin, 2003). A structured questionnaire was utilized to gather information from the organization and as well as precise information on a particular matter considered.

3.7. Data Processing and Analysis

The primary data collected through a questionnaire and interview was in the nature of qualitative and quantitative forms. Therefore, to analyse this data the study employed both qualitative and quantitative data analysis.

The study collected qualitative data and they were analysed qualitatively. The qualitative data provided the non-numerical information about the effectiveness of board in the performance of Parastatal Enterprise in Tanzania. Therefore, content analysis of qualitative data was employed in order to get the answer that related to the nature of a research objective. The content data analysis helped the researcher to gain content of information suitable to answer research questions.

The data collected in quantitative form was analysed through quantitative analysis. The data related to role of board structure and board size on performance of government Parastatals were analysed using descriptive statistics and regression analysis.

$$\mathrm{Ln}\left(\frac{\mathrm{P}}{1-\mathrm{P}}\right) = \mathrm{P} = \beta_0 + \beta_1 \mathrm{X}_1 + \beta_2 \mathrm{X}_2 + \beta_3 \mathrm{X}_3 + \beta_4 \mathrm{X}_4 + \mu_\mathrm{i}$$

$\mathrm{Ln}\left(\frac{P}{1-P}\right)$ = P = Performance of Government Parastatals

X_1 = Board Member Expertise

X_2 = Size of the Board of Directors

X_3 = Board Member Experience

X_4 = Board Member Age

β_0 = Constant Term which was Determined

β_1,β_2,β_3,β_4, are coefficient of the independent variables

μ_i = Disturbance term.

3.8. Measurement of Variables

3.8.1. Board Members’ Expertise

Board members’ expertise refers to the individual skills and knowledge that he or she possesses either through education or numerous experiences obtained from jobs. The board members’ expertise was measured by education level a board member attained.

3.8.2. Size of the Board of Director

Extent of the board members is explained as the number of directors that constitute the board of directors. In this, size of board of directors was measured by dummy variable 1 if the members poses that large size of board members are helpful in performance of government Parastatals and 0 if board members supported that small size of board members are efficient in performance of government Parastatals.

3.8.3. Board Members' Experience

Board members' experience is explained as the skills a board member has from doing jobs for several years. Then, board members' experience was measured by a number of years a board member has from doing various jobs.

3.8.4. Board Member's Age

A board member's age refers to the age a member in the board possesses. Board member's age was measured by the number of years a board member is having.

3.8.5. Performance of Government Parastatals

Performance is a necessary and an important thing for the development and sustainability of Parastatals. The measurement of performance for the government Parastatals was introduced to ensure transparency of public decisions and in using properly the public fund to have better performance of government Parastatals. The performance of government Parastatals was measured by dummy variable 1 board of directors' composition has an impact on performance of government Parastatals and 0 otherwise.

3.8. Validity and Reliability

A pre-survey study was conducted for few senior staff working in Parastatal Enterprises before the actual study. The data collection instruments were modified according to the results of pre-survey study. This helped to improve the data collection instrument to capture the information reliable and valid for the study. In addition to that, the study conducted reliability tests in order to calculate the internal consistency of variable. This test was useful to indicate validity and reliability of the information collected for making analysis about the study problem

3.9. Ethical Considerations

The study adhered and followed ethical value in conducting this study. The participants were voluntarily asked to participate in answering the research questions. The respondents were free not to address any question if they see the question was annoying to them. Right and freedom of expression in the study were guaranteed. No names were used in report writing.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS OF THE FINDINGS

4.1. Introduction

The study examined the effectiveness of board of directors' composition on the performance of government parastatal in Tanzania. This chapter presents the research findings based on the specific objectives. The presentation is organised into two sections, namely descriptive and inferential statistics.

4.2. Descriptive Statistics

2.2.1. Demographic Characteristics of the Respondents

The general characteristics of the respondents relate to gender, education level and marital status of the respondents. The results are presented in Table 4.1:

Table 4.1: Demographic Characteristics of the Respondents

Characteristics	Category	Frequency	Percentage
Gender of Respondents	Female	39	78.0
	Male	11	22.0
Education level	Bachelor Degree	2	4
	Masters Degree	6	12
	PhD	25	50
	Professors	17	34
Marital Status	Married	47	94
	Widowed	0	0
	Divorced	0	0
	Single	3	6

Source: Field Data (2019)

The results as indicated in Table 4.1 reveal that, 78.0% of the board of directors from the studied government Parastatals are males whereas only 22.0% of the board of directors are females. These findings indicate that majority of the board of directors in the government Parastatals are males.

The results indicated in Table 4.1 show that, 4.0% of the board members have bachelor degree, 12.0% have master degree, 50.0% have PhD and 34.0% are professors. These results reveals that majority of the members in the board of directors have high education.

Notwithstanding, the results as presented in Table 4.1 shows that, 94.0% of members in the board are married and only 6.0% are single. But, there was no board member who got divorced or widowed.

2.2.2. Descriptive Statistics of the Age and Experience of the Board Members

The age of the board members is considered to be important in the performance of government Parastatals. Aged people are considered to have more experience than the young people. For this case the study sought to know the number of years of the board members. Table 4.2 presents the descriptive statistics of the ages and experience of the board of directors' members with respective mean, maximum, minimum, standard deviation and range.

Table 4.2: Statistics of the Age and Experience of the Board Members

Characteristics	Mean	Std. Dev.	Range	Maximum	Minimum
Age of Board Members	49.92	6.07	19	59	40
Experience of the Board Members	23.12	5.67	21	34	13

Source: Field Data (2019)

The results indicated in Table 4.2 show that, the board members have an average of 49.92 years of age with a standard deviation of 6.07. However, the results reveal that the board member with a high number of years is the one that has 59 years, but a member with lowest number of years is the one with40 years. The difference between the maximum and minimum age of board members is 19 years.

On the other hand, the board members have an average mean of 23.12 years of experience, whereby the member with maximum years of experience is the one that have 34 years of experience and a member with minimum years of experience in the one that have 13 years of experience.

4.3. Inferential Statistics

This study used binary logistic regression model to test the significance and relationship of the different variables used in the model. In particular, the results of the regression model are given in Table 4.3 that shows the estimated value of the model:

Table 4.3: Estimated Value of the Binary Logistc Regression Model

Number of Observation = 50
Likelihood Ratio Chi^2 (9) = 10.82
Probability Chi^2 = 0.0286
Log Likelihood Ratio = -24.236Pseudo R^2 = 0.1825

Variable	Coefficient	Std	Probability	95% Confidence Interval
Education Level	0.30	0.47	0.51	-0.6131.225
Size of the Board Members	-1.04	0.76	0.06	-2.922 0.052
Years of Experience	0.62	0.27	0.02	0.0831.157
Age	-0.53	0.26	0.04	-1.029 -0023
Constant	12.92	6.85	0.06	-0.511 26.347

Source: Data Processed Using STATA (2019)

Table 4.3 reveals that, the log likelihood ratio of the model is -56.78575 which can be used in comparing nested models. The log likelihood ratio shows how quickly the model converged. In the other way, the likelihood ratio chi-square of 10.82 with a P-Value of 0.0286 revealed that the model as a whole fits significantly better than an empty model with no predictors. On the other hand, the Pseudo $R^2$of the estimated model is 0.1825 which is 18.25% indicates that the model is specifically specified.

By using the data as given in Table 4.3, the estimated binary logistic regression model is given in hereunder:

$$\mathrm{Ln}\left(\frac{\mathrm{P}}{1-\mathrm{P}}\right) = \mathrm{P} = 12.92 + 0.30\mathrm{X}_1 - 1.04\mathrm{X}_2 + 0.62\mathrm{X}_3 - 0.53\mathrm{X}_4$$

The estimated model shows that, even if expertise of the board of directors, size of the board of directors, experience of the board of directors and age of the board of directors are set equal to zero, still the government Parastatals will perform by 12.92. In this, the results indicate that there are other factors that determine the performance of government Parastatals which are not included in the model.

Moreover, the estimated model also shows that when the size of board members, years of experience, and age of the members are set equal to zero, the performance of government Parastatals will increase by 0.30 that is contributed by expertise of the board of directors. Then, the results suggest that expertise of the board of directors contributes positively to the performance of government Parastatals.

But, when the expertise of the board of directors, years of experience, and age of the members are set equal to zero, the performance of government Parastatals will decrease by 1.04 which is associated by size of the board of directors in the board. Therefore, the results propose that a unit increase in the size of the board of directors decreases the performance of government Parastatals by 1.04.

Furthermore, the estimated model reveals that, when the expertise of the board of directors, size of the board members in the board, and age of the members are set equal to zero, the performance of government Parastatals will increase by 0.62 that is contributed by experience of the board of directors. In this case, the results put forward that experience of the board of directors contributes positively in the performance of government Parastatals. This means, a unit increase in the experience of board of directors increases the performance of government Parastatals by 0.62

However, when the proficiency of the board of executives, years of experience and size of board members in the board are set equal to zero, the performance of government Parastatals will decrease by 0.53 which is associated by ages of the board of executives in the board. As a result, the findings suggest that a unit increase in the age of the board of directors decreases the performance of government Parastatals by 0.62.

4.3.1. Board Members' Expertise and Performance of Government Parastatals

The first objective of this study was to examine the correlation between board members' expertise and the performance of government Parastatals by using binary logistic model and their significance were judged using probability and standard error. In case of probability the results show that, the probability of board members' expertise was found to be 0.51, which is greater than the significance level of 0.05 used in the estimation of the model. This result provides justification to accept the null hypothesis, which says that; *there is no relationship between board member's expertise and performance of Parastatals in Tanzania* and reject the alternative hypothesis which says that; *there is a relationship between board member's expertise and performance of Parastatals in Tanzania*.

On the other hand, the correlation between board members' expertise and performance of government Parastatals are judged using standard error. The standard error of board members' expertise was found to be 0.47, which is greater than half of the estimated coefficient of board members' expertise, which is 0.15. The results also justify the need to accept the null hypothesis, which says that *there is no relationship between board member's expertise and performance of Parastatals in Tanzania* and reject the null hypothesis which says that; *there is a relationship between board member's expertise and performance of Parastatals in Tanzania*.

4.3.2. Size of the Board Members and Performance of Government Parastatals

The second objective of this study was to find out the relationship between size of the board members and the performance of government Parastatals. The relationship was examined by using binary logistic regression model. The results show that, the probability of the size of the board members in the board is 0.06 which is greater than the 0.05 significance level used in the estimation of the model. This result justifies the decision to accept null hypothesis which says that; *there is no relationship between size of the board members in the board and performance of government Parastatals in Tanzania* and reject the alternative hypothesis which says that; *there is a relationship between size of the board of director and performance of government Parastatals in Tanzania*.

Notwithstanding, the correlation between the extent of board members and performance of government Parastatals were also examined by using standard error. The standard error of the size of board members was found to be 0.76 which is greater than half of the estimated coefficient of the size of the board members that is 0.52. Then, in this case the result also propose of accepting the null hypothesis which says that there is no relationship between size of the board members in the board and performance of government Parastatals in Tanzania and reject the alternative hypothesis which says that there is a relationship between size of the board of director and performance of government Parastatals in Tanzania.

4.3.3. Board Members' Experience and Performance of Government Parastatals

The third objective of this study was to examine the relationship between board members' experience and the performance of government Parastatals in Tanzania. The significance of two variables was measured using probability and the standard error. The results as indicated in Table 4.3 reveals there is significant result as the probability of board members' experience was found to be 0.02 which is greater than the one that was used in the study which is 0.05 level of significance. This result justify acceptance of the alternative hypothesis which says that there is a relationship between board members' experience and performance of government Parastatals in Tanzania and reject the null hypothesis which says that there is no relationship between board members' experience and the performance of government Parastatals in Tanzania.

Likewise, the standard error of board members' experience of 0.27 was found to be less than half of the estimated coefficient of 0.31. These results lead to the acceptance of alternative hypothesis that there a correlation between board members' experience and performance of government Parastatals in Tanzania and reject the null hypothesis that there is no correlation connecting board members' experience and performance of government Parastatals in Tanzania

4.3.4. Age of Board Members and Performance of Government Parastatals

The fourth objective of this study was to study the relationship between the age of board members and the performance of government Parastatals in Tanzania. In this, the significance of age of board members was measured using probability and the standard error. Table 4.3 reveals that, age of the board members was found to be statistically significant as the probability of age turned up to be0.04 which is less than significance level of 0.05 that was used in the estimation of the model.

Similarly, the standard error of age of the board members was found to be 0.26 which is less than half of the estimated coefficient of 0.265. These results lead to the acceptance of alternative hypothesis which articulate that there a relationship between age of the board members and performance of government Parastatals in Tanzania and reject the null hypothesis that says there is no relationship between age of the board members and performance of government Parastatals in Tanzania

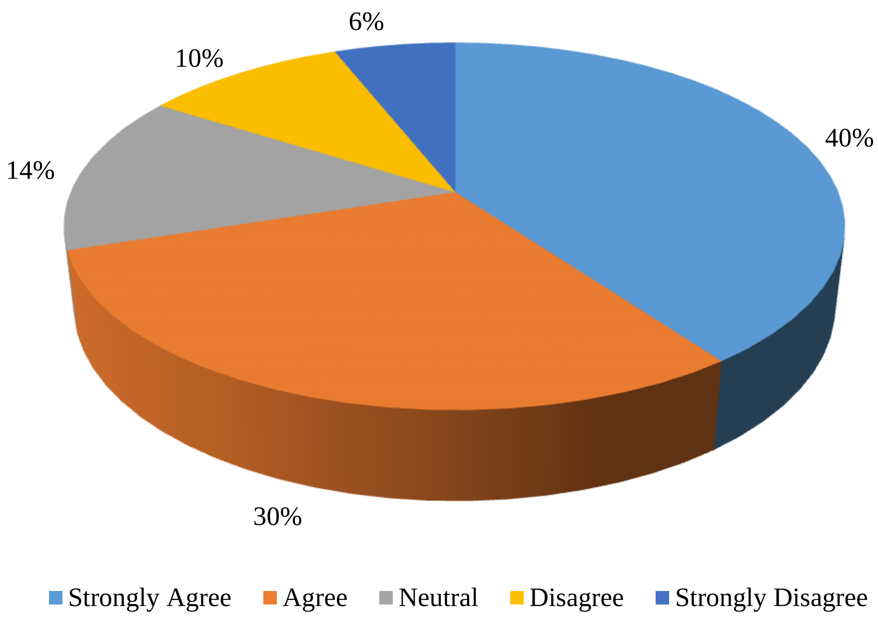
4.3.5. Challenges in Steering Parastatals' Performance

The study investigated challenge facing board of directors in steering performance of selected Parastatal enterprises in Tanzania. The study analysed various challenges facing the board of directors in steering performance of selected Parastatal enterprises in Tanzania. The finding obtained for each challenge is presented in the following subsections.

4.3.5.1 Financial Challenges

The study investigated if financial issues in implementing the policy function of government Parastatals are a challenge facing the board of directors in steering performance of government parastatal in Tanzania. The respondents were asked to rate their level of agreement if financial issues in implementing the policy function of government Parastatals are challenges facing board of directors in steering performance and the findings are presented in Figure 4.1.

Figure 4.1: Financial Challenges



Source: Field Data (2019)

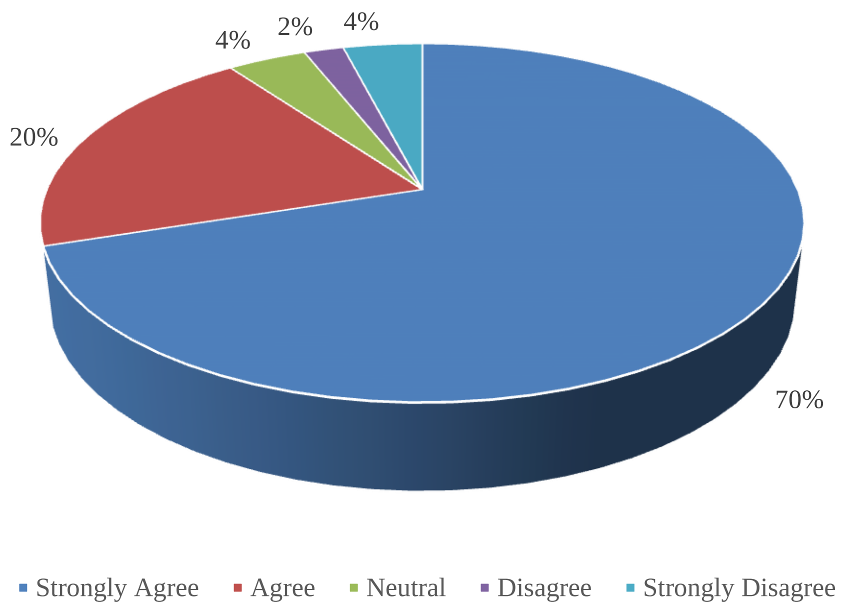
The results as presented in Figure 4.1 shows that 40% and 30% of the respondents strongly agreed and agreed respectively that financial position of the government Parastatals is a challenge that faces the board of directors in steering the performance of government Parastatals in Tanzania. However, 14% of respondents were in dilemma if the financial position is a challenge that faces the board of directors in steering the performance of government Parastatals.

Otherwise, 10% and 6% of the respondents disagreed and strongly disagreed respectively that financial is a challenge that faces the board of directors in steering the performance of government Parastatals in Tanzania.

4.3.5.2. Failure of Insider Directors to Implements Function of Parastatals

The study investigated if insider directors' failure to properly implement policy function of government Parastatals is a challenge facing board of directors in steering performance of government parastatal in Tanzania. The respondents were asked to rate their level of agreement if insider directors' failure to implements properly policy function of government Parastatals is a challenge facing board of directors in steering performance of government parastatal in Tanzania. The results are given out in Figure 4.2.

Figure 4.2: Failure of Insider Director to Implements Function of Parastatals



Source: Field Data (2019)

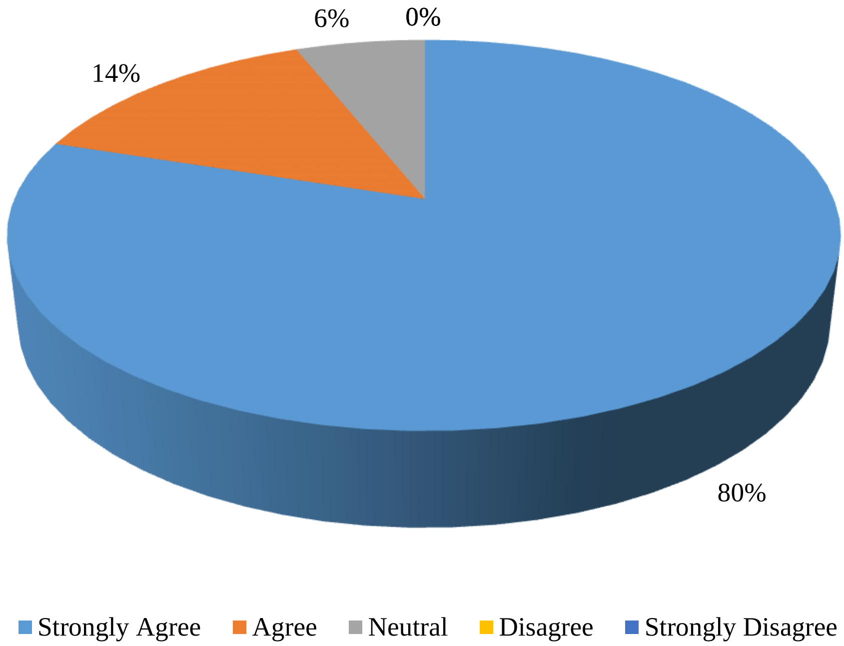
Figure 4.2 reveals that, 70% and 20% of the respondents strongly agreed and agreed respectively that failure of insider directors to implement the policy function of government Parastatals is one of the challenges in steering performance of government Parastatals in Tanzania. However, 4% of the respondents are not sure if insider director's failure to implements properly policy function of government parastatal is a challenge that facing board of directors in steering the performance of government parastatal in Tanzania.

Notwithstanding, 2% and 4% of the respondent indicated disagree and strongly disagree on failure of insider directors to implement the policy function of government parastatal as one of the challenge facing the board of directors in steering performance of government parastatal in Tanzania.

4.3.5.3. Lack of Nationalism and Patriotism among Public Servants in Implementing Functions of Government Parastatals

The study investigated if lack of extreme nationalism and patriotism among public servants in implementing functions of government Parastatals are challenges facing board of directors in steering performance of government parastatal Tanzania. In this, the respondents were asked to rate their level of agreement if lack of extreme nationalism and patriotism among public servants in implementing functions of government Parastatals are challenges facing board of directors in steering performance of the Parastatals in Tanzania. The results of this challenge are presented in Figure 4.3.

Figure 4.3: Lack of Nationalism and Patriotism among Public Servants in Implementing Functions of Government Parastatals



Source: Field Data (2019)

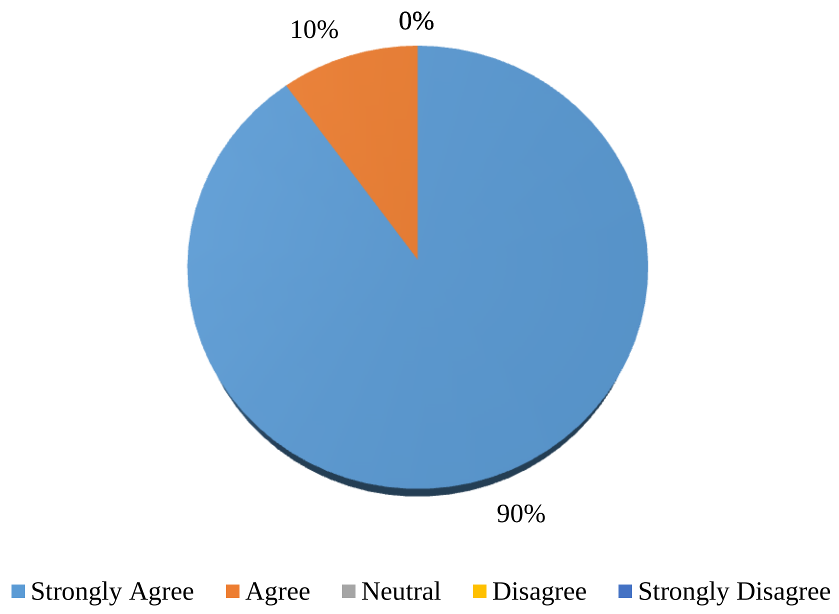
The finding presents 80% of the respondents strongly agreed that lack of nationalism and patriotism among public servants in implementing functions of government parastatal is a challenge facing board of directors in steering performance of government parastatal in Tanzania. Likewise, 14% of respondents also greed that lack of nationalism and patriotism among public servants in implementing functions of government parastatal is a challenge facing board of directors in steering performance of government Parastatals in Tanzania.

However, 6% of the respondents are in dilemma on whether lack of nationalism and patriotism among public servants in implementing functions of government Parastatals is a challenge facing board of directors in steering performance of government Parastatals in Tanzania. None of the respondents disagreed or strongly disagreed that lack of extreme nationalism and patriotism among public servants in implementing functions of government Parastatals is a challenge facing board of directors in steering performance of government Parastatals in Tanzania.

4.3.5.4. Political Interventions in the Implementation of Government Parastatals

The study investigated if political interventions in the implementation of Parastatal functions are a challenge facing board of directors in steering performance of selected Parastatal enterprises in Tanzania. The respondents were asked to rate their level of agreement if political interventions in the implementation of Parastatal functions are challenge facing the board of directors in steering performance of selected Parastatal enterprises in Tanzania. The finding observed is presented in Figure 4.4.

Figure 4.4: Political Interventions in the Implementation of Government Parastatals



Source: Field Data (2019)

The results as indicated in Figure 4.4 show that, 90% of respondents strongly agreed that political interventions in the implementation of government Parastatals is a challenge facing board of directors in steering performance of government Parastatals in Tanzania. Similarly, 10% of respondents agreed that political interventions in the implementation of government Parastatals is a challenge facing board of directors in steering performance of government Parastatals in Tanzania.

However, there was no any respondent who was neutral, disagreed or strongly disagreed that political interventions in the implementation of government Parastatals is a challenge facing board of directors in steering performance of government Parastatals in Tanzania.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

The central purpose of the study was to assess the effectiveness of board of directors' composition on performance of government Parastatals in Tanzania. In particular, the study aimed at examining the relationship between board members' expertise, size of the board, board members' experience and board members' age in association with the performance of government Parastatals in Tanzania. In addition, the study investigated the challenges facing board of directors in steering performance of government parastatal in Tanzania.

5.2. Summary of the Findings

The summary of the findings in this study is presented basing on the objectives of the study and are presented in the following subsections:

5.2.1. Board Members' Expertise and Performance of Government Parastatals

Board members' expertise on the performance of government parastatal is crucial components for the board of directors. The board members' expertise comprises the education background of the members acquired and the experience acquired from various jobs. However, the findings found insignificance bond between board members' expertise with the performance of government Parastatals in Tanzania. This suggests that there is no relationship between board members' expertise and the performance of government Parastatals in Tanzania. This was proved by judgement of probability and standard error of which the estimated probability of board member's expertise was found to be greater than the significance level used in the estimation of the model. Likewise, the standard error of board members' expertise was found to be greater than half of its estimated coefficient. This leads to the acceptance of null hypothesis and reject the alternative hypothesis.

5.2.2. Size of the Board Members and Performance of Government Parastatals

Size of the board members in the board is considered to be an important component on the performance of government Parastatals in Tanzania. However, the results revealed that there is insignificance relationship between the size of board members and performance of government Parastatals in Tanzania. That is to say, there is no relationship between size of the board members and the performance of government Parastatals. This was revealed by the judgement using probability and standard error. The estimated probability of size of board member was found to be greater than the significance level used in the estimation of the model. Similarly, the standard error of the size of board members was found to be greater than half its estimated coefficient. Therefore, the judgement led to the acceptance of null hypothesis and rejection of the alternative hypothesis.

5.2.3. Board Members' Experience and Performance of Government Parastatals

Board members' experience on the performance of government parastatal is vital components for the board of directors. The board members' experience is acquired from doing various jobs. In this, the findings found significance results about the board members' experience with the performance of government Parastatals in Tanzania. In more clarification the results reveals that there is a relationship between board members' experience and the performance of government Parastatals in Tanzania. This was shown by the probability of board members' experience that was found to be less than the significance level used in the estimation of the model. On the same way, the standard error of board members' experience was found to be less than half its estimated coefficient. These results led to the acceptance of alternative hypothesis and rejection of the null hypothesis.

5.2.4. Age of Board Members and Performance of Government Parastatals

Age of board members is an essential component for the performance of government Parastatals. It is argued that aged people are more experienced than the young people. In this, the findings found significance results about the age of the board members with the performance of government Parastatals in Tanzania. That is to say, there is a relationship between age of the board members and the performance of government Parastatals in Tanzania. This was indicated by the probability of the age of board members that was found to be less than the significance level used in the estimation of the model. Likewise, the standard error of the age of the board members was found to be less than half of its estimated coefficient. These results lead to the acceptance of alternative hypothesis and reject the null hypothesis.

5.2.5. Challenges Facing Boards of Directors in Steering Performance of Parastatals

The study also investigated the challenges facing the board of directors in steering the performance of government Parastatals in Tanzania. The challenges that were investigated includes financial issues, insider directors' failure to implement proper policy functions, lack of nationalism and patriotism among public servants and political interventions in the implementations of government Parastatals. These challenges were rated by majority of the respondents to be facing the board of director in promoting performance of government Parastatals in Tanzania.

5.3. Conclusion of the Study

Composition of board of director plays significant roles in performances of government Parastatals. The various aspects of board of directors' composition were analysed. However, although some of the components show insignificance results, they remain relatively essential in performance of government Parastatals.

The study revealed that, financial issues on implementing policy issues, insider director's failure to implement proper policy functions, lack of extreme nationalism and patriotism among public servants and political interventions in the implementations of government Parastatals are the challenges facing the board of director in promoting performance of government Parastatals in Tanzania.

5.4. Recommendation of the Study

The study recommends measures to address the effective functioning of the board of directors in order to steer performance of Parastatal enterprises in Tanzania.

i. The board members should be selected from insider and outsider members, and should consider key aspects like specific tenure of services, education level and background and gender inclusiveness. These tend to have significant contributions on steering performance of government parastatal.

ii. The composition of the board members should be multidisciplinary and draws from professionalism and members' commitment in order to enhance its contributions on performance of government parastatal Tanzania

iii. The study observed challenges relating to financial issues on implementing policy issues, insider director's failure to implement properly policy functions, lack of extreme nationalism and patriotism among public servants and political interventions in the implementations of government Parastatals functions. These should be dealt with by using appropriate policy interventions from the government Parastatals as well as by steering culture of patriotism and nationalism among public servants when recruiting public servants.

5.5. Recommended Areas for Further Study

The study proposes future study be conducted to analyse the key issues on the formulation of appropriate boards of directors for government Parastatals in Tanzania. Studies may also focus on how political interventions in running the government Parastatals affect the performance of government Parastatals in Tanzania.

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APPENDICES

APPENDIX 1:

DRAFT QUESTIONNAIRE

Am **ELVIS J. MSIGWA** students of MBA, corporate management of Mzumbe University, I am conducting a research on *assessing the roles of outsourcing services on quality delivery in public organization Tanzania*. Please find out a time to read and answer the question below.

Thanks in advance for your cooperation.

PART I: DEMOGRAPHIC PROFILE

1) What is your gender?
   (a) Male
   (b) Female

2) What is your age?
   (a) 20-30 years
   (b) 31-40 years
   (c) 41-50 years
   (d) +50 year

3) What is your level of education?
   (a) Primary education
   (b) Secondary education
   (c) College education
   (d) University Education

4) What is your working experience with Parastatal enterprises in Tanzania?
   (a) 1-5 years
   (b) 6-10 years
   (c) +10 years

PART II: Board of Director and performer of Parastatal enterprises

Variable 1: Composition/structure of board

5) What is the composition of the board of director in your Parastatal organization?

a) Insider directors and outsider directors
b) Insider directors, affiliated outsider directors and independent outsider directors
c) Insider directors and independent outsider directors
d) Others, please mention………………………………….

Please indicate to what extent you agree with the following statements related to roles of composition/structure of the board on the performance of selected Parastatal enterprises in Tanzania. Use the following rating scale: *1= strongly disagree and 5=strongly agree.*

Composition of board of directors	1	2	3	4	5
1) The board of directors comprises inside and independent outsider directors contribute to better performance					
2) The composition of the board of director having with specific tenure of services contributes to organizational performance					
3) The composition of the board of directors with different age characteristics contributes to better performance of Parastatal enterprises					
4) The composition of the board of directors with both male and female gender contributes to better performance of Parastatal enterprises					
5) The composition of the board of director with better education background contributes to a better performance of Parastatal enterprises					
6) The composition of the board of directors based with higher percents of independent outsider members contributes to better performance of Parastatal enterprises					

7) The composition of the board of director based on presidential appointees, outsider members and insider members has been useful for the performance of an organization					

6) Tick the level of agreement on the statement, saying that the performance of Parastatal enterprises is contributed by composition of the board of directors
   a) Strongly disagree
   b) Disagree
   c) Neutral
   d) Agree
   e) Strongly agree

Variable 2: size of the board

7) What is the size of the board of director in your Parastatal enterprises?

(a) 1-10 Directors

(b) 11-20 Directors

(c) 21-30 Directors

(d) +30 directors

Please indicate the extent of agreement on contributions of size of the board on the performance of selected Parastatal enterprises in Tanzania. Use the following rating scale: *1= strongly disagree and 5=strongly agree.*

Size of board of director	1	2	3	4	5
1) The smaller size of board of director have significant contribution to the performance of Parastatal enterprises in Tanzania					
2) The board of directors with multidisciplinary professional					

backgroundshave significant contribution to the performance of the Parastatal enterprise in Tanzania					
3) The board of directors with large size of economists, financial analysts, engineers and layers have significant contributes to performance of Parastatal enterprises in Tanzania					
4) The board of directors with higher number of committed board of directors contributes to performance of Parastatal enterprises in Tanzania					
5) The board of directors with the relatively larger size of outsider directors is related to better performance of Parastatal enterprises in Tanzania					

8) The performance of Parastatal enterprises in Tanzania is related to size of the board of directors. Tick appropriate answer

a) Strongly disagree
b) Disagree
c) Neutral
d) Agree
e) Strongly agree

Variable 3: Challenges facing board of directors

Please indicate to what extent you agree with the following statements as challenge facing boards in steering performance of selected Parastatal enterprises in Tanzania. Use the following rating scale: *1= strongly disagree and 5=strongly agree.*

Challenges	1	2	3	4	5
1) Financial challenges in implementing the policy function of Parastatal enterprises					
2) The insider the directors failure to implement properly policy function of Parastatal enterprises					

3) Lack of extreme nationalism and patriotism among public servants in implementing functions of Parastatal enterprises					
4) Political interventions in the implementation of Parastatal functions					
5) The Low level of political will toward supporting Parastatal enterprises performing their duties					
6) Others, please mention …………………………………………… ……………………………………………. ……………………………………………					

Ends

Thanks in advance

APPENDIX 2:

INTERVIEW G UIDE

1) What are the attributes of Parastatal enterprises performance of your organization?

2) What are the compositions of your board of director?

3) What are the contributions of composition of board of director on the performance of your Parastatal enterprises?

4) What is the size of your board of directors of your organization?

5) What are the contributions of size of board of director in the performance of your Parastatal performance?

6) What is the trend of your Parastatal performance?

7) What challenges facing board of directors in spear heard a performance of your Parastatal organization in Tanzania?

Ends

Thanks in advance