

**THE ROLE OF BOARD MEMBERS TOWARDS ATTAINMENT OF  
STRATEGIC GOALS IN PUBLIC ORGANIZATIONS:**

**A CASE OF HIGHER EDUCATION STUDENTS' LOANS BOARD-  
DAR ES SALAAM**

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STRATEGIC GOALS IN PUBLIC ORGANIZATIONS:**

**A CASE OF HIGHER EDUCATION STUDENTS' LOANS BOARD-  
DAR ES SALAAM**

**Winnifrida Madeba**

**A Dissertation Submitted to School of Public Administration and Management in  
Partial Fulfillment of the Requirements for an Award of the Degree of Master of  
Science in Human Resources Management of Mzumbe University**

**2017**

**CERTIFICATION**

We, the undersigned, certify that we have read and hereby recommend for acceptance by Mzumbe University, a dissertation entitled: **The Role of Board Members Towards Attainment of Strategic Goals in Public Organizations: A case of Higher Education Students' Loans Board headquarter-Dar es salaam**, in Partial Fulfillment of the Requirements for an Award of the Degree of Master of Science in Human Resources Management of Mzumbe University.

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Accepted for the Board of.....

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**DEAN, SCHOOL OF PUBLIC ADMINISTRATION AND MANAGEMENT**

## **DECLARATION**

I, **Winnifrida Madeba** 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 in a similar or any other degree award.

**Signature**.....

**Date**.....

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## **DEDICATION**

This work is dedicated to my beloved children Clement, Irene and Getrude. Without their support it would not have been possible to complete this dissertation. May God bless you.

## **LIST OF ABBREVIATIONS**

DFA	-	Directorate of Finance and Administration
DIAI	-	Directorate of Internal Audit and Investigation
DLAD	-	Directorate of Loan Allocations and Disbursement
DLRR	-	Directorate of Loan Repayment and Recovery
DPRICT	-	Directorate of Planning, Research and ICT
ED	-	Executive Director
HE	-	Higher Education
HEIs	-	Higher Education Institutions
HELB	-	Higher Education Loan Board
HESLB	-	Higher Education Students' Loans Board
HESLS	-	Higher Education Students' Loan Scheme
MoEVT	-	Ministry of Education and Vocational Training
MSTHE	-	Ministry of Science, Technology and Higher Education
NBS	-	National Bureau of Statistics
NHEP	-	National Higher Education Policy
NSFAS	-	National Students Financial Aid Scheme
TCU	-	Tanzania Commission for Universities
UK	-	United Kingdom
URT	-	United Republic of Tanzania
USLS	-	University Students Loan Scheme

## **ABSTRACT**

This inquiry focused on examining the role of board members towards attainment of strategic goals in public organizations in Tanzania using Higher Education Students' Loans Board as a case study. The inquiry was guided by the following specific objectives; to find out the legal and policy framework of the board and board members operations, to determine the methods, procedures and techniques used by board members to attain strategic goals, to find out the challenges encountered by board members in performing their roles and to establish the recommendations for improving the performance of board members towards attainment of strategic goals.

Qualitative case study was conducted at the Higher Education Students' Loans Board involving Board members, Board staff and students' loan beneficiaries. A total of 170 respondents were purposely selected as key informants and the responsive rate was 130 respondents; equal to 76.5%. Data were obtained through interviews, questionnaires and documentary reviews. Data were analyzed quantitatively and qualitatively by using the descriptive statistical tools.

Overall results of the study yielded some significant findings. The results show that the legal framework was put in place without any clear involvement and interrelationship between all implementers and strategic partners leading to unclear interrelationship between potential organizations such as tax authorities, security funds, registrar of companies and local government authorities. Full board meetings and committees were found to be central tools with regard to methods, procedures and techniques used by board members to attain strategic goals. Ineffective mechanisms to enforce loan recovery in private and informal sectors, a slight flow of funds comparing to the rising number of needy students from time to time and absence of a loan applicant tracking system were designated as major challenges encountered by board members in attaining strategic goals of the Board. The study recommends strict review of the legal framework to enhance the Board and its Board members efficiency, and establishing a comprehensive system for tracking eligibility and needy of students loan applicants.

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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter provides an introduction to this report. It is made up of the background of the study, statement of the problem, objective of the study, research questions, significance of the study, limitations of the study, delimitations of the study, definition of key terms and the organization of the dissertation.

#### **1.1 Background of the Study**

According to Lingenfelter, (2009) regardless of the design of the organizational structure, the institution must primarily put in place a very functional governing board (or boards) enabled in terms of resources and facilities and mandated to perform and accomplish its core duties and obligations. The structure designed should fundamentally ensure that the institution's governing board is knowledgeable enough and fully equipped with the institution's information so as to accomplish its obligations efficiently and accordingly. In course of performing their duties intelligently, (BOT, 2008) clarified that the members of the governing board require essential expertise to be able to understand the position of the governed institution, henceforth they must acquire and possess relevant expertise to perform its fundamental responsibilities and provide a lifetime assurance on the institution's integrity. In addition, members of the governing board need proper information on time so as to involve themselves critically in a strategic analysis and making decision by ensuring that they always and appropriately provided with the sufficient, meaningful, relevant and accurate information about the institution they govern whenever they need them. More importantly, the governing board members should be updated from time to time on the attainment of the vision, mission, and effective delivery of the institution's programs, operations and services so as they can manage to make right decisions on a right time.

Specific duties of any governing board depends on the nature and complexity of the respective institution, (NuPITA Project, 2011) spells out that any board should in common and general fulfill its genuine responsibilities such as; carrying responsibility for the performance, quality and institution's prosperity, making sure that the mission of the institution is carried out, accomplishing the board's fiduciary obligations, justifying to the regulatory authorities that the institution is complying with the provision of the laws, policies, standards, accreditation and affiliation, declaring itself in identical terms to its all regulatory authorities and accrediting entities, publicize any changes adjusted on the status of its accreditation, standing out to disclose any information needed to certify its accreditation roles, providing assistance in acquiring financial and material resources required to improve and strengthen the institution's operations, objectively and timely assessing the institution's board in attaining its planned objectives, nominating and appointing the chief executive officer of the institution (other wisely, referred to as the president) accompanied with basic roles to the institution and delegating relevant duties to that appointed person and gradually evaluating the effectiveness and proper functioning of the corporate governance and leadership.

World widely, university education has remained a large complex industry. More importantly is the fact that postsecondary education becomes a central feature in the modern society (Altibach, 2007). This observation is supported by Schultz (1981) who noted that the abilities acquired by people including their skills, experience, education and health are essential in attaining and sustaining economic development. That is to say, economic progress and higher education is linked simultaneously (Makulilo, 2012). Higher education institutions hire thousands of people in both academic and administrative positions and on the other side of the coin educate thousands or in some cases tens or hundreds of thousands. University education indeed has become a huge business. Apparently, this implying that the higher education has turned into a million dollar economic empire. Higher education is recognized and well thought of an investment in human capital which is the same as an investment in physical capital. In this case, people decisively invest in the future through their own education, at a margin

just as a company that decides to invest in new infrastructures and machines. The investment means today's costs but yields future profits.

In developed countries, particularly Norway, a system of loans for higher education students was initiated in 1947 and it was headed by the inauguration of a national institution responsible for students' loans called The State Educational Loan Fund (Levy, 2004). In addition, the issuance loans rely on means-testing procedure (parental economy) after assessing individual student's plans and progress. Regarding students' application procedures, some application requests are firstly processed manually (Levy, 2002:31). Furthermore, it was noted by Levy that The State Educational Loan Fund has launched a net-bank customer profile whereby higher education students wherever they are may electronically enter an application. It takes not more than ten days to disburse the loans to the students but this is after giving the payment document to the students through their respective higher learning institution where the students have to sign and return the document to The State Educational Loan Fund. In matters related to the recovery of the loan, as soon as the students completed their studies, a loan recovery plan is automatically generated (Levy, 2002). A generated plan is delivered to beneficiary four months after the graduation and for the huge loans the repayment is scheduled within a period of 20 years but for small loans the repayment period is always shorter. The loans are interest-free for students still in school but it starts charged with interest in the first month after the completion of the study. The State Education Loan Fund (2002) reported that its annual report of 2001 as it was cited by Levy (2002) showed that 3,559 million Norwegian Kroner were recovered by the fund and 3,035 million Norwegian Kroner was the interests collected and 125 million Norwegian Kroner was repaid on fees. According to this report, it is undoubtedly that the loan repayment is being done. The new students in every year are issued loans from the generated finance through recoveries and the new funds acquired from the National Bank. The students' loan scheme is portrayed as performing wonderful.

In Africa, some countries experience success in their students' loan schemes while in other countries the schemes have been practically disappointing (Ziderman, et al., 1993). South Africa stands out as one of the successful student loan scheme in the continent. According to Merisotis and Gilleland (2000), the National Student Financial Aid Scheme (NSFAS) since its commencement in 1996 has been performing well in all its area of operations on particularly procedural issues for acquisition of the funds. Meagan (2006) pointed out that the scheme has been able to issue the loans on time and more importantly, the loans has been recovered and protected against defaults. Meagan added that the National Student Financial Aid Scheme should put in track proper mechanisms to ensure the high collection and administrative costs are built into the cost of the loan, this is important so as to ensure the loan recovered reflects the actual costs incurred in the administration of the loan (Johnstone, 2000 and Woodhall, 1991). NSFAS has been funding the financially needy and disadvantaged students at a large number. The loan scheme is depicted as performing well.

In Kenya, the higher education student loan scheme was introduced before 1952 but then it was dissolved by the government in 1965 just a year after independence and thereafter reformed in 1973 under the care of the Loan Disbursement and Recovery Unit which was a small non-autonomous unit and the scheme was named a University Student Loan Scheme (USLS) (Otieno, 2004). On top of that, Otieno added that the student loan scheme was performing badly in all its sections of operations especially that of issuing and repayment. However, immediately after the government set up the Higher Education Loans Board (HELB) through a Parliamentary Act, significant reforms were realized in 1995. User friendly mechanisms for application and issuing of bursaries, scholarship and loans to the needy Kenyan students were established including decentralization of application stations to the peripheral regions. The Higher Education Loans Board in Kenya has recovered a substantial amount of the funds loaned to the extent that up to 50% of the disbursed loans are earned from repayments collected which as of 2002, averaged Ksh 50 million (US\$2,173,913) per month (KR, 2002 cited in Otieno, 2004). Despite this success, the Board has a long way to go towards achieving full cost

recovery, a challenging task for a countless number of current loan schemes. After struggling for a long time the loan scheme seems to be moving forward smoothly towards good performance.

NuPITA Project, (2011) observed that in Tanzanian public domain, the composition of board members in a number of institutions has a triangular shape by constituting a chairman who is automatically a presidential appointee, secretary of the board who is by virtue of his position is serving as a chief executive officer of the institute and other non positional board members who are designated as ministerial appointees. The board members should meet at least quarterly per year to discuss the business affairs of the institution through various reports submitted by management of the institution. In the United Republic of Tanzania, the Higher Education Students' Loans Board (HESLB) tugs a long history of the government's attempts, measures and efforts to finance higher education students. It is very significant to remind that the loan board was initially started as an idea for sharing higher education costs by transforming some of or all the burden of financing higher education from the government to the other stakeholders. HESLB was established to provide financial facilitation in forms of loans to financially needy and eligible students to assist them pay for their education (HESLB Act, 2004). Apart from increasing efficiency in disbursing and collecting loans, HESLB is also assigned two primary tasks; the task of formulating the mechanism for determining eligible and needy Tanzanian students for payment of loans so as to increase equitable access to technical and higher education and to create a well-performing revolving and sustainable students' loan fund (URT, 1998).

Since its inception in 2005, all eligible and financially needy students who enrolled to pursue higher education were required to request for students financial support in form of loans from HESLB. The loans intend to support them cover for the tuition fees and other living expenses. In regards to the growing demand the government prioritized some field of studies depending on the human resources requirements. Frankly speaking, the priority courses among others include; Education (Pure Science and Mathematics).

Other courses are Health Science (Doctor of Medicine, Dental Surgery, Veterinary medicine, pharmacy and Nursing) and Civil and Irrigation Engineering (HESLB Guideline 2013). Since its establishment, the board has been passing through a lot of challenges including a tremendous rise in student's financial requirements comparing to the government budget. In addition to that, there has been a continuous increase of higher learning institutions especially the private one, raising tuition fees, budgetary problems and unsatisfactory cooperation from the beneficiaries and the public as whole towards ensuring the loans are repaid, this leads to the lower rate of recoveries and repayment as well as strategic deferred debts (Mussa, 2015).

Although the board has been hailed as being successful in recent years by a number of researchers (Ally, 2015, Nyahende, 2013a, 2013b, Makulilo, 2012), the fall of the portion share of the higher education budget is alarming and totally threatening the ability of the board to finance higher education students sustainably which among other things is an important step in the development of the human capital. The gross enrollment ratio of higher education students sticks around 1% in a country with approximately more than 40 million people (World Bank, 2010 & Nomura, 2011). While the increase of enrollment of higher education students in private owned institutions had a tremendous effect in widen the access, these institutions are likely smaller when comparing with the public ones. Among other things, the Board is mandated to oversee and manage loans to the financially needy and eligible Tanzanian higher education students as well as collect repayments for all loan funds disbursed to former students since 1994 in order to financially sustain the fund and make it a healthily revolving fund.

## **1.2 Statement of the Problem**

In Tanzania, the investment in higher education sector is recently recognized and prioritized due to its significant impact in the development of the national economy. One of the biggest government's attempt towards building a sufficient investment in the

higher education resulted in the establishment of the Higher Education Students' Loans Board (HESLB) by an Act of the Parliament No. 9 of 2004 which has also been amended by an Act No. 9 of 2007 CAP 178 and commenced its operations in July 2005 (HESLB, 2011) and the Board was empowered and given the powers to finance the investments in the higher education students by administering properly the students loan scheme which was incepted since 1994 (NHEP, 1999).

One of the major threats encountered by the board over years was its disappointing performance in recovery of loans which is proven since the inception and commencement of its operations in 1994 (Memba and Feng, 2016). This required a critical review of the Board's legal and policy framework with an intention to protecting the scheme from more revenue loss. Furthermore, the board was resilient on loaning high and low depending whether students enrolled from public and private schools respectively (Memba and Feng, 2016). As a result, a lot of questions arose on the basis of the fact that the scheme is financed by the state from the government taxes and statutory payments. Such criticism was supported with other arguments such as the growing underfunding of the higher education (HE) sector and increased number of private higher learning institutions (Public Expenditure Review, 1994/95-2004/05), the government decided to establish the Higher Education Students' Loans Board in 2005.

Apart from the tremendous achievements that the Board has attained since 2005 as an outcome of the comprehensive reforms made on the Higher Education Students Loans Scheme (HESLS) including the increased number of higher learning institutions, the increased allocated budget for higher education sector, the rise of enrollment ratio and the increased funds allocated for students loans (Ishengoma, 2007, Chatama, 2014, Ally, 2015, Nyahende, 2013 & Makulilo, 2014) in contrary, it becomes evident recently that the percentage share of higher education budget decreased in comparison with the total education sector budget (Memba, A.Z and Feng, Z.Z, 2016). But the major setback facing HESLB is its too much dependence on the funds from the government subvention, decreasing share of higher education budget and also, repayment of loans

has not been proportional with that of disbursement. The scheme fall far behind the break-even point (HESLB, 2015) discovered that the Fund had a deficit of 90 Tshs Billion from its forecasted collections for the period of 10 years from 2006 to 2016. This mystery further threaten its ability to finance higher education students sustainably especially when a look is given on the enrolment in higher education considering that the enrolment into higher education is still growing in a high pace (Ally, 2015). The interest of the study is therefore to critically determine and assess the role of the board members towards attaining strategic goals of HESLB.

### **1.3 Research Objectives**

#### **1.3.1 The General Objective**

The inquiry examined the role of board members towards attainment of strategic goals in public organizations. A case study of HESLB headquarters was used to undertake this task.

#### **1.3.2 Specific Objectives**

Specific objectives included;

- i. To find out the legal and policy framework of the board and board members operations
- ii. To determine the methods, procedures and techniques used by board members to attain strategic goals
- iii. To find out the challenges encountered by board members in performing their roles
- iv. To establish recommendations for improving performance of board members

## **1.4 Research Questions**

### **1.4.1 General Question**

The general question of this study was;

What is the role of board members towards attainment of strategic goals in public organizations in Tanzania?

### **1.4.2 Specific Questions**

The specific questions included;

- i. What is the existing legal and policy framework of the board and board members operations?
- ii. What are the methods, procedures and techniques used by board members to attain strategic goals?
- iii. What challenges are encountered by board members in performing their roles?
- iv. What recommendations can be employed to improve performance of board members?

## **1.5 Significance of the Study**

The results of this study will enrich board members at Higher Education Students' Loans Board with a bundle of knowledge that might enhance their work performance by inducing new strategic programs towards attaining the strategic goals of the board. The role of the board is exceptional important for multiple reasons start from loan issuance to loan recovery. The study discoveries will on the other hand contribute to the pool of knowledge on the legal and policy framework of the board, challenges experienced and a way forward towards fulfilling their long term obligations which is vital for the present and future scholars in regards to this research interest area.

The study findings will be appropriately useful to the Ministry of Education, Science, Technology and Vocational Training as it will help them grasp the commitment of board members in carrying out their strategic role hence this would assist the Government to analyse and evaluate the trends. Lastly, the study will come up with the recommendations that might be useful to both policy and decision makers in the Ministry of Education, Science, Technology and Vocational Training. The study satisfies the condition for the fulfillment of the requirements for the award of a master's degree in Human Resource Management of Mzumbe University.

### **1.6 Limitations of the Study**

Financial setback and time were the main obstacles of this study. The inquiry was undertaken in Dar es Salaam region while the researcher's area of residence is in Morogoro region. Also, only six (6) months from October 2016 to March 2017 were provided for undertaking the study. Considering all that, it was quite costly to the researcher in terms of finance and time. Apparently, the study covered only a single unit of inquiry (HESLB) from such all boards in public institutions in Tanzania; therefore the findings were not generalized.

### **1.7 Delimitations of the Study**

The fact that, this study is wide in content was well known to the researcher by considering the time allocated to undertake the study and the financial position of the researcher. In order to keep the study under control, the researcher directed her focus on only board members, HESLB's staff and students' loans beneficiaries as a strategy of cost minimization and efficient use of time. Last but not least, the researcher being conversant to the study area utilized perfectly as an advantage for successful carrying out the study.

## **1.8 Definition of Key Terms**

This study is all about the role of board members towards attainment of strategic goals in public organizations in Tanzania. Terminologies used with a special meaning based on this study are defined in this section as;

### **1.8.1 Board**

It is the body ultimately accountable to the stakeholders of the institution and to whom the management of respective institution is accountable for. Msache (2010) comments that the governing board which may sometimes be called an advisory board, board of trustees, board of governors, board of regents or board of directors among other ranks is the top governing authority within the governance system and organization structure of the institution. NuPITA Project (2011) cemented that the board has a final say and decisions concerning the accountability and integrity of the organizational affairs, if deems necessary the board would form committees and delegate some of its obligations to those committees as it may be necessary for effective carry out of its duties. In doing so, the board has to specify the structure of each committee formed in terms of functions, membership and composition and lastly, provide the terms and conditions upon which the committees would execute its obligations.

### **1.8.2 Board Members**

Board members is a group of individuals that are elected as, or selected as representative of the stakeholders to establish corporate management related policies and to make decisions on major company issues, some private and non-profit companies have board members as well (Roberts, McNulty and Stiles, 2005). In Tanzanian public domain, the composition of board members in a number of institutions has a triangular shape by constituting a chairman who is automatically a presidential appointee, secretary of the board who is by virtue of his position is serving as a chief executive officer of the respective institution and other non-positional board members who are ministerial appointees (NuPITA Project, 2011).

In case of banking industry in Tanzania, (BOT, 2008) guided that the membership should not be less than five for a board of directors of any banking institution, a large number of those members must not be executives and in addition, they must be conversant in banking or related experience, the chairman of such board must not be an executive director and at least two Tanzanians should be appointed to its board each banking institution should appoint at least two Tanzanians to form the board, it is prohibited for any member of the board to simultaneously serve as a board member or in any executive capacity in other banking institution in Tanzania and it is also restricted to appoint any person who is a member of the National Assembly or House of Representatives or local government authority as a director of banking institution so as to avoid the conflict of interest. In USA higher education arena the same as Tanzania, students sometimes serve as institutional and statewide Board members, but distinctively they often serve without vote and usually hold just a single seat (Lingenfelter, P.E, 2009).

### **1.8.3 Higher Education**

Higher education is the postsecondary education level, mostly consist of college and university level education. Higher education institutions are made up of not only universities and colleges but also special schools in a particular professional such as law, medicine, education, business and engineering. After finishing the course a certificate, diploma or a degree is awarded. In addition, the National Higher Education Policy (1999) refers higher education as: “The scope of knowledge and skills imparted within the tertiary level of education. This does not include primary and secondary education” Furthermore, the policy adds: “there are two clearly distinct levels of training institutions in higher education provision, namely, academic full professional training and intermediary professional education and training institutions. These are represented by university and non-university professional training institutions”. Each institution on its own concentration has a stated mission, objectives and curriculum profile. Universities are expected to focus on Training, Research, and Public Service cum Consultancy.

Intermediate higher learning institutions are designated to the development of the human capital through pedagogical purpose of instructing, teaching, career training and role-modeling.

### **1.9 Organization of the Dissertation**

This research report is arranged into six (6) chapters. Chapter one covers background of the study, statement of the problem, objectives of the study, research questions, significance of the study, limitations of the study, delimitations of the study, definition of key terms and organization of the dissertation. Chapter two revises on theoretical literature review, empirical literature review, conceptual framework and research gap (synthesis). Chapter three shows research methodology including research design, study area, population of the study, sample size and sampling process, data collection process and data analysis. Chapter four presents the findings. Chapter five discusses the findings and Chapter six involves summary, conclusion and recommendations. At the end, this dissertation composes references and appendices.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

Literature review entails documentation of a comprehensive review of the published and unpublished work from secondary sources of data in the specific interest to the researcher (Sekaran, 2003). This chapter is concerned with theoretical review of literature, empirical review of literature, the conceptual framework and the research synthesis.

#### **2.1 Theoretical Literature Review**

##### **2.1.1 The Essence and Functionality of the Boards**

Boards as one of the main corporate governing authorities can basically be perceived as organs that solve problems, reduce uncertainty, enhance accountability and boost relationship, cooperation and coordination between stakeholders (Rindova, 1999). In consistent with this concept, the role of board members and the board itself is regarded as conflict-mediating institution between internal and external actors and initiating measures towards ensuring the organizational effort is geared towards attaining the goals that the dominant coalition has set Ees, H.V, Gabriellson, J and Huse, M. (2009).

It is argued that boards, in the actual sense, may be more focused on managing the uncertain and complex atmospheric environments and coordination problems related to strategic decision making rather than directing the same efforts on resolving the conflicts of interests (Rindova, 1999; Roberts et al, 2005; McNulty and Pettigrew, 1999). Actually, this will speed up the gathering and harmonization of scattered knowledge through planning and control procedures.

Huse, M (1994) pointed out that building cooperation is a responsibility of the board. However, not only the board do this by resolving conflicts among the stakeholders coalitions and driving control but also, perhaps even more significantly by handling problems that arises out of cooperation and coordination and collectively engaging in processing the organization of information and knowledge gathered. Huse added that, a board's contribution to corporate improvements and prosperity is anticipated to significantly result from its participation in enhancing cooperation as well as gathering and utilizing knowledge on relevance and timely basis.

The Nous Group, (2004) emphasized that the Board's conformance role is basically related with boosting effective accountability. Accountability is a core element from which all other things are derived from. Boards are externally accountable to the government as a funder and an owner and on the other side, to regulatory agencies depend on how the agency runs its operations. At a minimum, this will be concerned with legal responsibilities. But as public entities, boards must perform and deliver their huge responsibilities in consistent with the government policies and at last, meet the expectations of the community. Moreover, successful boards will consider how best to proactively demonstrate that these expectations are being met.

Internal accountability demands the Boards to devise good policies and processes so as to effectively supervise and monitor the results achieved by management and others as expected. The insight of this supervision and monitoring will to a large extent rely upon the management capability (Roberts et al, 2005). It is however an awkward aspect of governance to just leave everything behind and fully rely on whatever delivered by the management as it thinks is needed. In general, the policy and culture in general manifests the internal performance orientation that defines the strategy into effectively operational procedures. In the manner that the management translate the policies and the Board approves them will in potential structure enable the agency and its strategies and decision making. Speaking of policies can involve responses to legislative provisions and also, policies formulated to boost performance of the organization (employee

relations or various patient care policies/practices). A set of policies that is more concerned with backing up the organization performance needs to underpin the strategy.

The performance role of the Board entails the set up of the strategic direction for the corporate by making a decision on what should be done and what shouldn't be done and devising proper policies to enable smooth delivery on the strategy. Basically, this performance role is directly about leadership. Boards should not passively rubber stamp management decisions this would be to abrogate the performance role. In a nut shell, in order the management to attain and enjoy above average performance, the Boards should always provide active leadership. (Nous Group, 2004).

Deazeley, B (2009) papered that devising and approving strategy is primarily a significant obligation for the Board in improving performance of the institution. The strategy maps how stakeholders will meet their expectations, among those stakeholders includes government and the community. Strategy defines the "success model" for an organization because the day to day's decisions reached by management should be directed by agency strategy. What really matters is being clear about the directions an organization should take and the possibilities to make this happen; planning can then be undertaken by management within this framework. Not only, the Boards must fully ensure development of this performance framework, but also they are required to communicate their performance to their main stakeholders (Nous Group, 2004). Furthermore, the failure to tackle this challenge successfully can undermine the public confidence towards the Board and absolutely, may weaken the capability of the Board to influence government and other stakeholders on provision of desired resources.

### **2.1.2 The Strategic Plan and Boards Contribution to its Existence**

Deazeley, B (2009) Planning strategically is very important to the desirable achievements of any organization. It comprises looking where actually the organization is, where it desires to be in the future and how it plans to reach there. The strategic planning process can be of use to enhance and energize the organization by directing

more efforts on long term objectives and reviewing the sense of commitment and purpose among the staff and directors. The strategic plan is an official written document and its main purpose is to set up the strategy of the organization. It directs both volunteers and staff in budget forecasting, making job plans and even in resources distribution. Also, it is a foundation upon which information emanates and reaches the main stakeholders including financiers and members.

Approving strategy and strategic plan is primarily an obligation of the board in the governance structure of an institution. The exercise always takes place once per year. (Roberts, McNulty and Stiles, 2005). Generally, the level of the board involvement in the planning process depends on the size, complexity of the institution and availability of staff and/or volunteer and resources. Only, professional staff, the Executive Director and senior staff in large organizations are obliged to develop the written strategic plan for the board to make a final approval.

Strong volunteer committees and few employees within an organization may jointly form an active volunteer planning team. However, in small organizations the board itself may decide to devise the strategic plan or establish a strategic planning committee. Actively, the board should discuss, review and finally approve the plan. The strategic plan should be realistic, well thought and compatible with the organization vision, mission and values, in doing so the directors can be a useful resource by proposing fresh ideas and asking questions to test and satisfy themselves that the plan is so. Always, an extraordinary strategy meeting is arranged towards ensuring there is an ample time for discussing and reviewing the plan. This kind of meeting may be longer than an ordinary board meeting and involves a professional facilitator and usually conducted out of the office. McNulty and Pettigrew, (1999) reminded that at the board meeting is the only place where the strategic plan is approved. Before an extraordinary board meeting, the directors should make some preparations such as reviewing documents related to past year's plans, financial allocations, finance related information, a report of current year's operations and progress, information on related organizations and national or

international entities, information on legislation and policy issued by the government that could affect the organization, reviewing of the strengths, weaknesses, opportunities and threats of the organization as well as the strategic recommendations. It has to be remembered that the planning materials involves such kind of documents and papers and they should be stored properly for future references.

The typical records such as notes and minutes are part of the planning session and the discussion may decides on: whether to amend or retain the vision, mission and values, whether to change or continue with the current organization strategy, projects or programs and measurements that will used to guide and monitor progress and overall performance. By using the guidance from the strategy session, the formal strategic plan is finally prepared and presented to the board for approval at a regular board meeting. Immediately, after the strategic plan is approved by the board it has to be communicated to workers and volunteers as a step towards designing operational plans and budgets (Rindova, 1999). Also, the strategic plan has to be communicated to all stakeholders in a platform to engage community interest and manipulate a support for organization's activities and operations.

### **2.1.3 Challenges Obstructing Boards and Board Members**

Deloitte U.S, (2014) argued that the complexities surround each organization and their boards are not the same at all, hence the priorities of one board may not necessarily be the same for another. However, there are some similar agenda that most boards and organization needs to take care of. One among them is the impact of globalization, and specifically the increase in country risks over the past few years. Another hot agenda that needs to be addressed by each board and organization is digitalization and innovation, which is changing everyday and damaging the business models in a very dramatic fashion. This is an issue that every board needs to monitor very intelligently.

Regulation is another challenge; it becomes a challenge due to the fact that in recent years a countless number of regulations has been emerging which partly focusing to the

board and others to management. In fact the challenge is much bigger not just coping with the new regulations; also, there are regulations in consideration that needs to be taken care of in the near future (Turnbull Report, 1999). However, in relation to formal regulation, there has been a concern rising that it is not a rule for everything that is legal to also qualify as legitimate therefore the amount of public tension focusing on an organization business and its tax practices has been growing up. Enormously, it needs a lot of time to address all of this towards ensuring the organizations and their boards are completely adhering to the new regulations when they come to exist. The organizations must be prepared to take a risk by becoming less entrepreneurial as a result of being more focused on compliances likely at the stake of regulation changes intended to determine whether they create business opportunities for organizations or not.

Higgs Report, (2003) reported a big challenge for organizations addressing social groups is determining not just the content of their message but also the channels they use to deliver it. Organizations tend to communicate on a different channel, often through the traditional media such as the leading newspapers, while social activist groups communicate in a totally different way using social media. The channels the organization uses to deliver its message influences the perceptions people have about that message and the organization. Many organizations are still adapting their communication strategies, particularly in order to communicate with these social groups, which requires them to move away from the traditional channels to social networks, which can be challenging because these other channels are less familiar to them.

Reputation risk is growing and it consumes a lot of time at the board level but surprisingly, the organization doesn't seem to be always a victim. This can be taken as an example of a supplier that did something wrong. Most companies have put in place a set of values including a code of ethics and they are supposed to make sure that those values and codes are complied with in a business partnership (Global Survey on Reputation Risk, 2014). Global companies needs to ensure their policies are friendly and smoothly wherever operating so as to avoid being in conflict with the local regulations

and rules. It was noted earlier that a business undertaking may be legal and still may not be viewed as being legitimate and if the reputation of the organization is in question this becomes a significant distinction. It is also important that, when making decisions, companies must not only consider the present perception of those decisions and business practices, but also how they might be perceived in the future (Hampel Report, 1998). If a problem arises because of a choice made years ago that was acceptable at the time, which choice will still be judged according to today's standards

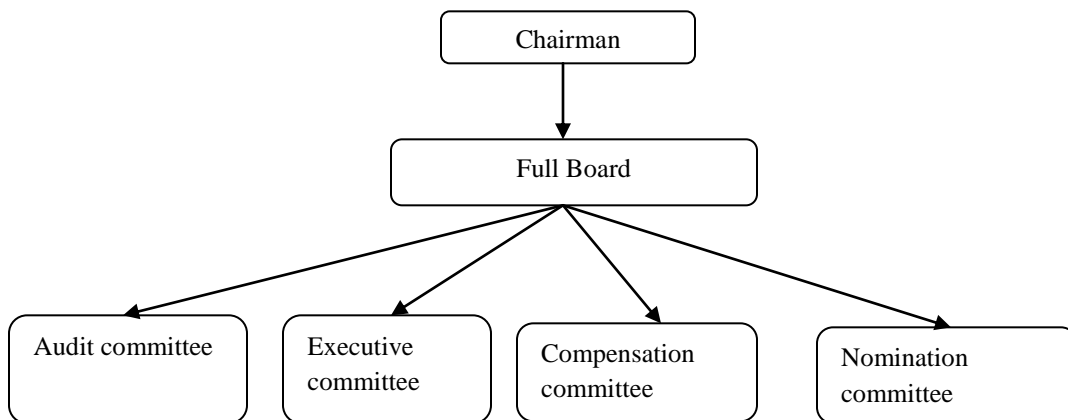
Often, "less" is "more" when it comes to disclosures, but at the moment there is no any streamlining of disclosures likely to take place. There was a similar debate 20 years ago when there was a big movement to try to reduce the various accounting regulations but in the end not much changed (Deloitte U.S, 2014). Today, looking at corporate governance rules and the required disclosures, there are two different ways of approaching these requirements. One approach is to do so from a business perspective; the other is to view the disclosures from a legal perspective (Higgs Report, 2003). In Germany for example, a company may believe it is fully compliant with all of the corporate governance rules, but on the slight chance that it isn't, the company will opt to pre-emptively declare that it may not be compliant. By doing that, they know they won't be caught on the wrong side of the Corporate Governance Code requirements. That's not something the Corporate Governance Commission likes companies to do, but the legal pressures are too great. No company wants to be sued and attract all of the negative publicity that would entail so they choose to disclose everything just to be safe. Unless the rules are changed, it will continue this spiral of organizations disclosing ever greater amounts of information for quite some time to come.

#### **2.1.4 Structural Composition of Typical Boards**

The notion that board monitoring role is not only a function of the composition of the board sub-committees but also of the structure of the board as whole is relatively a recent one. Kesner (1988) on his perspectives argued that at committee level is where

most important decisions are derived and Vance (1983) argues that audit, executive, nomination and compensation are the four distinguished committees that greatly influence company operations. Klein (1998) debated that the company performance is not related to the overall composition of the board however the significant performance impacted by the structure of the finance and accounting committees. Similarly, Davidson et al (1998) discovered that the market perception of golden parachute adoptions is largely influenced by the composition of the company compensation committee. The core argument of those debates is that the inside directors may at their best utilize company knowledge on committees that deals with company specific matters such as finance and investment committees, and outsiders may be more useful on committees that focus on agency matters like compensation and audit committees.

**Figure 2.1: A Typical Structure of Boards**



**Source: Conceptualization from Vance, 1983**

A typical committee partly forms a subcomponent of the board, it proposes the matters discussed by the full board. This may be specifically real for the executive committee which among other things, it can decide on behalf of the full board especially at times when decisions are demanded immediately. It receives proposals from management prior to the full board meeting and may highly influence the debate of the board. Considering the role of this committee, the financially sophisticated and independent

outsiders may dedicate valuable monitoring that could constrain the level of revenue management. The executive committee plays an indirect role but in contrary the audit of finance committee may have a direct focus in controlling revenues management. The role of this committee is to basically monitor a financial performance and financial reports of the company. On the basis of the survey conducted by practitioners and academic literature on the effectiveness of the audit committees, Spira (1999) remarked that these committees are extravagant and that they are less effective in improving financial management of the firm. This survey does not address the issues concerning the experience and background of the audit committees' members, however, it is the matter that precisely explored by the Blue Ribbon Panel. That is, the Blue Ribbon Panel argued that members of the auditory committee should be sophisticated financially. Without being sophisticated financially, members of the auditory committee would definitely be regarded as highly ceremonial.

### **2.1.5 A Linkage of Stakeholders and Boards**

In nineteenth century literature the board is normally conceptualized as an organ which on behalf of shareholders supervises the management of the institution. However, if the board is not or less accountable to the shareholders, then the management will capture the board and become expressional that such unaccountability is by management and not by a body that controls the management on behalf of shareholders (Coffee, J. C, 1999). That is to say, the principal/agents problems arise between the managers and shareholders in classic are most of them effectively met by lifting decision making out of the hands of the shareholders (principals). Gilson, R and Moe, M, (1999) pointed that although this would tackle the said problems at stroke, it becomes unbearable for the shareholders to meet the costs of such strategy in a large company. Strategically, this move would deprive the benefits of all shareholders gained by assigning decision making on the hands of a small number of experts and committed managers. If centralized management is an effective conduct of business in large companies, then the

first class of this principal/agent problem cannot be easily eliminated Gilson, R and Black, B (1998).

Wood, P.R (1995) explained that for this reason, the laws of all companies are seriously conscious upon giving decision making power to the shareholders meetings on a compulsory basis. Laws of the companies genuinely choose it to be this way in one among of the following three situations; firstly, when making amendments to the company constitution, secondly, when making strategic investment decisions as they are significant to management decisions and thirdly, when making decisions which decide if it is feasible to merge with another company and when deciding on issues that conflict the directors. The recent complexity threaten the second category is that, should any decision made by the board which has greatly impacted the company business be regarded as similar as an investment decision and so require approval from the shareholders (Davies, P.L, 1997). He evenly added that in case like this, shareholders assigned a role of making decision only if the decision on table is proposed by the management. In such situation, shareholders have no power to take actions rather than having a veto right over specific issues of decisions. That is to say, such way of handling issues intends to avoid regulation that gives more power of taking actions to the shareholders and becomes seriously protective of the centralized management.

Thus, the boards of companies have good convincing reasons to operate in all systems under the broader mandate of powers; this means that the division of functions between shareholders' meeting and the board is one where the board takes the lion's share (Coffee, J.C, 1999). However, legal strategies in place that focus on the board and its board members is in one way look to restore the board to the nineteenth century ideal or in the other way seek to constitute the managerial structure of the company and basically continue on the line that regulating the board legally amounts to regulating the upper management of the company. In additional to that, while the law schools talk about the role of the board of directors and of individual directors, the business schools talk about the senior management of the companies (Wood, P.R, 1995).

### **2.1.6 Human Capital Theory and its Relevance to the Study**

This study was undertaken in consistent with the Human Capital Theory, the theory assumes that stakeholders and owners invest in top management with the expectations of producing better results in the future of the company (Al-hajry, 2002). The inquiry concentrated on the role of Board members towards attainment of strategic goals in public organizations, using Higher Education Students' Loans Board (HESLB) as a case study. In this study we have operationalized roles played by of board members as an outcome of investment in human capital.

Notwithstanding, the theory emphasized that incurring the costs is not an option in making someone get tools, facilities and information (resources) and in real sense the bearer of responsibilities becomes more and more productive and at the end of the day the revenues of the company that he/she runs increases. The costs of such investment starts from direct expenses such as pecuniary or out of pocket expenses and on the other hand indirect expenses such as forgone earnings (salary, allowance and any other benefits attached to an employment) (Cohn et al, 1990). The costs of investment which are centrally attached to this study are the foregone costs which are incurred by board members.

The theory has been encountering a lot of criticisms including that of (Livingstone, 1997) who argued that relying on assumption that investing in resources leads to ones higher performance and finally increases company earnings is partly misleading. He further pointed that the notion is intervened by the underperformances challenges such as the growing proportions of executives who have worked many years of their lives in attaining an excellent performance are unable to obtain the same results and commensurate.

Argumentatively, the theory of human capital does not directly assume that anyone who invests in resources has to leap and acquire better revenues. Some of companies that invested heavily in resourcing and capitalizing their top management may end up with

decreased revenues because revenues are the function of a number of factors than resourcing solely. For instance, after selected for the job, one enters the practical working environment. The working environment in which the selected executive must work is not perfect one to permit the worker to work appropriate for the jobs which they have been relatively assigned (Tumwesigye, 2004). However, the productivity of the labor is attributed with other arrangements than resources provision such as job satisfaction including the working environment and the rewarding structure in a particular company or institution.

### **2.1.7 Agency Theory and the Concept of Boards Functioning**

The study was also informed by a well known agency theory. There has been a considerable interest in the board of directors as far as the corporate governance literature is concerned. For a long time now, a well-known agency theory perspective has been dominating a number of researches undertaken in relation to the boards (Jensen and Meckling, 1976; Fama and Jensen, 1983). Typically, traditional researches always focus on formal control mechanisms with an interest on how the boards are determined to protect the interests of the owners and shareholders from self serving and opportunistic managers through monitoring or bonding activities. Daily et al., (2003) viewed that researches that orient corporate governance are underpinned by economic theories with an assumption that an organization operates in line with its formal system. This is the most popular and dominant perspective of the agency theory (Jensen and Meckling, 1976; Eisenhardt, 1989) which mainly has its interest on the contract between the firm owners (principals) the upper management (agents).

The agency theory perspective assumes that the principals and agents tend to behave both rationally and opportunistically. Furthermore, sets of actors in varying degrees are assumed to be contradicting in terms of goals and suffer from asymmetric information. Basing on its assumptions, the agency theory seems to believe that the relation of firm owners and top management may become disrupted by lack of efficiency to the level

that asymmetrical information hinders the principals' efforts to effectively monitor the agents' actions. Towards resolving these problems, an agency theory based framework developed the formal control measures and assigning a formal monitoring responsibility to the board of directors (Fama and Jensen, 1983). An agency theory for instance, revealed that the boards affect strategic options in order to ensure the managers don't behave selfishly at the expenses of shareholders (Mizruchi, 1983). According to this perspective, the boards' contribution is through deliberating and overseeing strategic decisions but they are not forced to initiate and implement strategies (Fama and Jensen, 1983; Goodstein et al., 1994). The board's involvement in strategy may contract with this perspective as it would require the board of directors to be co-mandatory for strategic decisions and doing so would frustrate the expected relationship between the board members (Sundaramurthy and Lewis, 2003; Huse, 1994; Boyd, 1990; 1994). Notably, the interest of researches in this perspective stretch back on discovering the optimum contribution and monitoring systems by identifying the consequences of numerous board systems like chief executive officer, composition of the board and its members on the performance of the organization towards attaining its strategic goals (Rhoades, Rechner and Sundaramurthy, 2001; Ellstrand, Tihyani and Johnson, 2002; Randøy and Nielsen, 2002).

This study also agrees on agency theory because of the belief that board and board members constitute the most important decisional package in any organization. They are the one who ratify and monitor strategic decisions that enable organization to function. Robbins (2009) also argues that organization can survive without other decisions, but they cannot survive having top decisional organs. For organizations to achieve good end result, much of the investment must be directed on these top decisional organs. Attainment of strategic goals in HESLB will be encouraged by existence of a good legal and policy framework for board and board members and also effective methods, procedures and techniques should be put in place in order to enable board members to execute their duties efficiently.

### **2.1.8 The Historical View of HESLB**

Initially, an idea of establishing the Higher Education Students' Loans Board intends towards achieving cost sharing by shifting part of or all the responsibility of financing higher education from the government to the other stakeholders. The HESLB Lending Manual (2007) defined the concept of cost sharing as giving a certain responsibility of all higher education expenses to the students, parents and community from the government. On the other hand, Bruce Johnstone (2004) defines cost sharing as a “worldwide phenomenon in which the burden of costs of higher education is shifted from exclusive or near exclusive of independence of the government or tax payer to some reliance on the parents and or students to cover the living costs of students”. Ishengoma (2004) also defines cost sharing as the process of shifting of the burden for financing higher education away from the state and into student's families.

Some researchers have recommended Tanzania has passed through six (6) distinguished phases of financing higher education. Notably, these phases include;

#### **Colonial Era to Independence (1950s-1964)**

Cost sharing traced back from 1954 when the financially needy students from poor families issued bursaries by the colonial authority. At that time, the payment of tuition fees as part of the higher education costs was mandatory to all students regardless of their race or socio-economic status and the colonial government issued bursaries to students who could not afford to pay for higher education (Chatama2014). The local authorities were entrusted with the responsibility of identifying students who were in need of bursaries. The identified students received the bursaries through their respective local authorities and repaid in full on post-graduation salaries, an exercise engineered and taken care of by the local government (Ishengoma, 2004).

#### **The National Service Scheme (1964-1974)**

Few years later after independence, the government suspended the colonial cost sharing system and initiated the National Service Scheme. This marked the end of the cost

sharing *Sensu Scritu* and instead the students were required to “build the nation”, as (Chatama, 2004) puts it. Under the new scheme, all graduates of Higher Education Institutions were required to work in the national service for not less than six months. After completing their stint in the National Service, the graduates were directly employed in the public service where they continued receiving only 40% of their salary for 18 months. This means that, the remaining 60% of the salary was deducted to recover the government bursaries spent on the graduates during their studies (Ishengoma, 2004).

### **The Musoma Resolution**

At this level the government decided to suspend the previous bursary system and opted to carry all the burden of financing higher education. Expectedly, the National service stint was extended to 12 months from the earliest 6 months where all students enrolled for higher education studies were demanded to work for the government for a period of not less than two years before start pursuing their studies. Consequently, the government embarked on issuing tuition fee, transport fares, student membership fee, off pocket allowance and other mandatory allowances. Also, it was at this phase where students were required to commit themselves in a contractual bond to serve the government for a period of not less than five years since the completion date (Ishengoma, 2004).

### **Cost Sharing Policy 1988-1994**

The government initiative and attempt to financially support the higher education was largely disrupted by the world economic crisis of 1970s and 1980s which was then followed by the war with Uganda from 1978-1979. These two mysteries had a deadly effect on the strengths of the government to finance higher education. As a result, the government was pressurized to change its policy on financing higher education. Following those struggles, the government decided to stand down the pressure of the World Bank and the International Monetary Fund conditions as a precursor to the advent of the Structural Adjustment Programs. The government endorsed the first ever phase of cost sharing policy in 1988 as a strategy of improving the shrinking budget (NHEP,

1999). The initial publication of the cost sharing policy was formally announced in 1992 but it started to operate in the academic year 1992/1993 as a result the higher education students from their own money were demanded to cover for travel costs, caution money, legislation expenses, application fee, student membership fee and examination fees (MSTHE, 2004).

#### **Cost Sharing Policy from 1994-2004**

The second phase of cost sharing commenced its operations in the academic year 1994/1995. This phase demanded the higher education students to personally bear the costs of their own food, accommodation and out of pocket costs in addition to what they had started to pay in the first phase of the policy implementation. This move resulted in the development of an inequality gap among the beneficiaries of the policy. The fact that not all students would manage to pay for the above expenses is fully understood by the government consequently resulting into the formation of Students' Loans Scheme (Chatama, 2014 & MSTHE, 2004). It was expected that financially neediness students would secure such money in terms of loans from the government.

#### **Cost Sharing Policy from 2004 to Date**

This third phase of cost sharing was highly featured and fully masterminded by the inception of the Higher Education Students' Loans Board (HESLB). The Board was established under the Act of Parliament number 9 of 2004 which since then has been amended by the Act of Parliament number 9 of 2007 CAP 178. HESLB began its operations officially in July 2005 (HESLB, 2011).

#### **2.1.9 The Role of HESLB**

HESLB as an autonomous government institution commenced its activities in July 2005. The Act which incepted the Board states that the financially needy and eligible students in Tanzania who admitted to pursue higher education in any higher learning institution may apply and secure loans from the Board so as to be able to cover for higher education expenses. The core aims of HESLB include the following: (a) to strengthen the

implementation of cost sharing policy in higher and technical education by financially assisting the needy students who are academically qualified to pay for the higher education costs and (b) to ensure the graduates who are employed within or outside the country are repaying their loans. In ensuring the objectives set are met, HESLB has put in place its second strategic plan of 2014/15 to 2016/17 which among other things, announced three strategic pillars as follows; firstly, transforming HESLB into a semi-financial institution (self reliant, sustainable and credible), secondly, a broadly ICT based operations and lastly, decentralization of its operational activities. All of these have to be achieved by Board of Directors, Management, Staff and stakeholders as whole.

URT (2004) stated clearly that the Board is by law responsible to issue loans to eligible and financially unable students in Tanzania joining higher education in either private or public owned institutions within the country and those who are studying outside the country in the stream of developmental partnerships and scholarship alongside with mother functions including; to assume responsibility for the control and management of any loan grants/scholarships/bursaries funds, administer and supervise the whole process of payment and repayment of loans/grants/scholarships/bursaries, establishing operational links between employing entities and higher education institutions that would enable the recovery of all loaned money indebted to previous higher education loan beneficiaries since 1994 and initiate researches on other internal and outside scholarship that can be secured by Tanzanian students who are in need of financial support to pursue higher education and to a very small number of eligible Tanzanian students studying a second degree or PhD in the internal private or government higher learning institutions. According to the field of study, students secured an admission to study in either privately owned or governmental higher education institutions may request the loans so as to be able to pay for tuition fees as it is charged differently from one institution to another.

Additional to the earlier stated costs, a limited amount of money is paid by the Board for meals and accommodation, stationeries and books, research projects, special faculty requirements and practical training (HESLB Guidelines, 2011). In relation to the currently-updated criteria and guidelines, financial support in form of loans are issued only to the students enrolled for bachelor degree or higher diploma in one among the following national prioritized field of studies; medicine and natural sciences, technological and engineering studies, finance and accounting, economy and business studies, education and law. Moreover, from this recent criteria, HESLB issues loans up to 60% of the total tuition fee, 60% of the required special faculty requirements and practical training costs, and even 100% of the demanded research projects costs in only one among the following courses; medical sciences such as dental surgery, veterinary and human and pharmaceutical sciences, architectural and engineering sciences and agriculture. Furthermore, the board introduced an apex on the maximum number of students to be issued loans in each respective higher learning institution whether public or private. Under the current criteria, the amount and so the percent of loan issued for the various approved loan items such as tuition fee would automatically not be the same to all students since it depends on the status of the students, parents or guardians socially and economically as would the maximum loan provided for each loan items. Currently, the means testing procedure is used to approve the loans issued accordingly. Although, these current criteria tend to enhance equal access to higher education, existing HESLB's strategic drawbacks and the daily operations of the said criteria is relatively and highly challenging. Recently, the most critical operational challenge encountered by the board is provision of loans to ineligible including Non-Tanzanians.

#### **2.1.10 Mandate and Composition of the HESLB's Board**

According to HESLB Act, 2004 There shall be a Board established under section 4 of HESLB Act of 2004 consisting of not less than nine and not more than fourteen members appointed by the Minister as follows; a chairman, the director of Higher Education, a representative from the Ministry of Education in the revolutionary

government of Zanzibar, a representative from the national Treasury, the director of Vocational education, a professional lawyer from the office of Attorney General, a representative from a Tanzanian association of employers, a representative from financial organizations, a representative nominated by a body representing public higher education institutions, a representative nominated by a body representing private higher education institutions, a representative from the Ministry of Education, Science, Technology and Vocational Training, a representative from the Ministry of Finance in the revolutionary government of Zanzibar, a student representing public higher learning institutions, and a student representing private higher learning institutions.

The responsible Minister in his or her own discretion can appoint any person as a member of the Board if it is satisfactory that such person has acquired the expertise or qualification in any ways whatsoever due to his involvement in higher education, commerce, finance, public service or administration to the extent that could enable that person to professionally serve to the expectations of the Board (HESLB Act, 2004). All members in exceptional of the Chairman are appointed the Minister after receiving the proposed names of individuals or institutions that they each are to represent to the Board. In doing so, the Minister must ensure his appointments consist of at least one third number of female members. The provisions of the schedule to this HESLB's Act of 2004 among other things has effectively lights on the terms of members in the office, the expiry date of their appointments and other Board related issues including its arrangements. On his or her own discretion, the Minister responsible may issue a notice through a governmental gazette as to either amending or replacing one or all of its appointees.

According to the HESLB Act of 2004, the Board is designated to perform a number of functions includes; to carry the responsibility for managing and controlling the loan funds provided, to devise the means for determining the needy and eligible students for payment of loans, to supervise and monitor the whole process of loan allocation, to register and keep the records of all loan beneficiaries under the Board, to advice the

Minister on issues related to law and policy concerning allocation and repayment of students loans, to assume operational links between the higher education institutions and the Board so as to smoothly administer the loan funds in an effective and efficient way, to initiate operational link with employers of past borrowers for the purpose of granting and recovering the loans, to cooperate and link with a network of other institutions and organizations on a mutual basis be the public or non-public, internal, external or global to undertake researches and establish a net-bank on other national and global scholarships and opportunities that can be secured by Tanzanian students who are looking for financial support and awards so as to attend higher education and training, to smoothly implement the provisions of this Act efficiently and effectively and any other written laws related to the loans funds financed by the government and to assume other related obligations as conferred upon the Board by or under this Act or any other written laws.

#### **2.1.11 Setbacks Facing HESLB**

In some countries where student loans scheme are efficient and meritoriously performing like Chile, UK, United States of America, Colombia, Bangkok, Korea and many other just to mention a few (Chapman, 2006). In these countries student loans scheme helps to reduce government burden and enable students to avoid the costs of paying the upfront payments. In Tanzania, things are contrary, although HESLB has been reported to be successful in increasing access to higher education (Rugambuka, 2008, Nitume, 2011, Nyahende, 2013). It is still depends heavily on government subsidization, therefore, one question still apparent is that; can it be possible to achieve its long term strategic goals?

The obvious evidence is that the loan collection activities started after 16 years following the availability of the legal framework in 2004 and two years of arranging debtor's information in a retrievable format (URT, 2010). Nevertheless, the legal framework was written without any clear objectives and interrelationship between all implementers and strategic partners leading to unclear interrelationship between

potential organizations such as tax authorities, security funds, registrar of companies and local government authorities. Thus, a dilemma is always generated and creates a room for strategic deferred debts which is more severe in many students' loans schemes in the world. These challenges have been threatening the sustainability of HESLB and ability of the government to finance eligible and poor needy students. However, despite these difficulties that raises worries about the sustainability of HESLS, despite the budget increased in favor of higher education students loans, it was concluded that an ability of the board to sustain itself through education loan recoveries was still minimal which directly implied HESLB's little achievement of its lifetime strategic goals (Chatama, 2014). It was suggested that it is crucial to re-analyse the loan disbursement and recovery mechanisms for higher education students so as to ensure sustainable investment in human capital, growth of national economy and socio-economic development of the country (Mussa, 2015). Apparently, there is still limited study conducted to examine the role Board members towards attaining HESLB strategic goals.

## **2.2 Empirical Literature Review**

In their study Memba and Feng (2016) entitled as "Performance of the Higher Education Students' Loans Board (HESLB) in Human Capital Investment from 2005-2015" intended to assess critically the performance of the board towards financing higher education through issuing of loans to financially needy and eligible students qualifying to pursue higher education within the country or outside. The study employed a purposive sampling design. The sample administered includes the institutions attached to the provision of higher education in Tanzania. These institutions include the Tanzania Commission for Universities (TCU), the Ministry of Education ad Vocational Training (MoEVT), the Higher Education Students' Loans Board (HESLB) and the National Bureau of Statistics (NBS). The study analyzed the qualitative data by using a documentary analysis technique. The results revealed that the budget of HESLB is rising continuously, however the board runs a much bigger loss. Actually, this would be not only regarded as diverging the core objective of the board which is to assist the eligible

students from poor families who admitted to study in higher leaning institutions or outside the country but also its responsibility in the prosperity of the nation through development of the human resources required. The research recognized that HESLB commitment to strengthen its strategic activities were not in proportional to the pace of loan recoveries. The repayment of higher education loans lags far behind the planned collections leaving the HESLB performance in a dilemma. Consequently, this calls for a joint think tank between HESLB and other higher education stakeholders on devising a new financing strategy by avoiding over reliance on a single source that is to say the government. New sustainable measures should be reintroduced to enable the Board functions effectively and actively. This can all be resolved by devising an effective financing model for higher education with the HESLB at its core.

Mussa, (2015) in the research entitled as “Sustainability of Higher Education Students’ Loans Scheme (HESLS) operating in Tanzania via HESLB”. The study applied a mixed analysis approach where both primary and secondary data were used for analysis. HESLB Audited financial reports were the prime source of secondary data whereas financial ratios and indexes for seven years from 2006 to 2012 were constructed, studied, empirically tested and analyzed. The secondary data acquired through documentary review was supplemented with the primary data collected by other methods such as interviews, questionnaires, discussion group, field study and observation. After that, the study used regression model to analyse financial capability and STATA was used statistically as an instrument to evaluate and measure the sustainability of the scheme financials. The findings revealed that during the period under study (2006 – 2012), the implementation of the HESLS in Tanzania is not only inefficient but also unsustainable. HESLB is effective in increasing access to Higher education as the number of students has risen significantly since the government established HESLS in 2005. Nevertheless, the recorded increase in access is not in an equitable manner as there is considerable number of unsaved needy students due to some external factors that are beyond HESLB control. Therefore it is argued that it failed to support eligible and needy poor students and it also failed to recover educational costs as

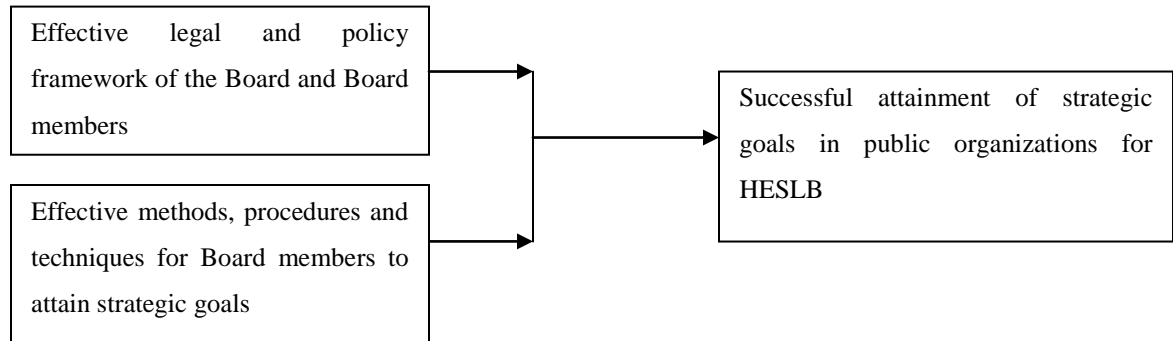
expected. Besides that, it failed to relieve the government budget burden. There is evidence that the loan subsidies from the government had to be increased because the payout loans increase at an increasing rate. On the hand, the loan collection grows at a slower pace compared to payout loan, and there is a sign that the rate of defaulters will increase too.

Rugambuka, (2008) in his study named as “The Performance of Higher Education Students’ Loan Scheme in Tanzania: The Stakeholders’ Views. The study intended to examine the performance of students’ loan scheme in Tanzania with a view to the stakeholders’ opinions, most of them being higher education students who are the main beneficiaries of the scheme. The study results discovered that the loan scheme in Tanzania is to a large extent underperforms especially in the sections of application arrangements, funds issuance to students and loan repayment. Therefore, it is suggested that the government needs to decentralize HESLB to district level by opening district offices at the convenience of both the beneficiaries and stakeholders as whole. In doing so, some services such as the provision and retrieval of the loan application forms can be carried out through means testing verification at the respective office of the local government authority. Furthermore, the suggestion also came that loan application forms can be sited at all high schools so as to ensure they are easily traced by applicants who most of them are coming from these schools.

### **2.3 Conceptual Framework**

As a result of the earlier review discussion on relevant theories, the theoretical framework in Figure 2.1 presents the relationship between the dependent variable which is successful attainment of strategic goals and the independent variables which are the effective legal and policy framework for board and board members and effective methods, procedures and techniques for board members to attain strategic goals.

**Figure 2.2: Conceptual Framework for the Role of Board Members Towards Attainment of Strategic Goals in Public Organizations.**



**Source: Researcher's Conceptualization, 2017**

Figure 2.2 above concludes that successful attainment of strategic goals of HESLB included (i) transforming HESLB into semi-financial; self, sustainable and credible institution, (ii) broadly ICT based operations and (iii) decentralization of its operational activities depends on having satisfied variables mentioned above. The hypothesis originating from the conceptual framework is that the attainment of strategic goals of HESLB in Tanzania is successful because there is existence of effective legal and policy framework for board and board members and effective methods, procedures and techniques for board members to attain strategic goals.

#### **2.4 Research Gap (Synthesis)**

A number of researches have been conducted on issues pertaining to efficiency and operations of HESLB in performing its roles. The general data reported have resulted into establishment of general institutional perspectives of HESLB in financing higher education students through a loan scheme put in place. No studies undertaken in Tanzania that have a specific focus on the role of board members towards attaining strategic goals especially at HESLB apart from the literature developed on the concern of success and challenges occupied by HESLB as a public institution. The gaps invited the new study targeting on the role of board members towards attaining strategic goals of Higher Education Students' Loan Board in Tanzania.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

Kothari (2004) defined research methodology as the framework within which a research is undertaken. In other words, research methodology reports on how the study was structured. This component consists of the research design, the study area, the population of the study, the sample size and sampling process, data collection process and the data analysis.

#### **3.1 Research Design**

The researcher used a case study as the research design. The decision to use a case study is because the suitability of cross-sectional descriptive case study design was advocated by Kothari (2006) on the argument that “a case study places more emphasis on the full analysis of a limited number of events or conditions and their interrelationship”. This notion was also supported by Rwegoshora (2006) adding that, using a case study design enables the researcher to investigate empirical evidences on aspects of the aims of the study by using more than one source of evidences within the real context and arguably, the design is crucial in supporting the investigator to gain a deep understanding of the undertaking.

#### **3.2 Study Area**

The inquiry was conducted at the Headquarter of Higher Education Students’ Loans Board (HESLB) in Dar es Salaam region. HESLB is a corporate entity incepted by an Act of the Parliament No. 9 of 2004 as amended by an Act No. 9 of 2007 (CAP, 178) and legally started its activities in the month of July in 2005 with the objective of assisting eligible and financially unable Tanzanian students who enrolled to higher education institutions but who are economically unable to meet the expenses of their education and in addition tasked to recover all debts from former loaned students since

1994 so as to ensure the fund becomes well revolving and financially strong. The Chief executive is the Executive Director (ED). Apart, HESLB has five (5) Directorates namely; the Directorate of Finance and Administration (DFA), Directorate of Loans Allocation and Disbursement (DLAD), Directorate of Loans Repayment and Recovery (DLRR) and the Directorate of Planning, Research and ICT (DPRICT) and Directorate of Internal Audit and Investigation (DIAI). The Board also has other units including the Procurement and Supplies Unit, Legal Affairs Unit and Information, Education and Communication Unit. This study area is selected in order to get access to relevant information and the area of study being familiar to the researcher will be an added advantage as advocated that “familiarity with key staff also will facilitate prospects for gaining entry to the organization for data collection” (Yin, 1994).

### **3.3 Population of the Study**

The study covered three (3) different categories of respondents. The target population was all board members, HESLB’s staff and students’ loan beneficiaries (Third year students pursuing Bachelor of Agricultural Engineering at Sokoine University of Agriculture). The categories of respondents involved are as follows based on their roles;

- Board members: They have a role of ensuring the coordinated and relevant policies and objectives are in place towards attaining the strategic goals of the board.
- HESLB’s staff: They have a role implementing the objectives, operational programs and board’s directives by planning and strategizing wisely the allocated resources.
- Students’ loan beneficiaries: They are rich in information concerning the adequate, provision, access and repayment of the higher education students’ loans as an overall and central strategic goal of the board.

The number of board members is 14, HESLB’s staff at the headquarter is 109 (This is according to HESLB staff data, 2017) and the number of students loans’ beneficiaries is 355 who were third year students pursuing Bachelor of Agricultural Engineering at

Sokoine University of Agriculture (SUA's Loan Officer, 2017 ). So, 478 people were considered to be the population of this study.

### 3.4 Sample Size and Sampling Process

#### 3.4.1 Sample Size

Giving an eye to the obstacles that faced during the study, 170 respondents accounting to 35.6% of the total population were selected to stand as the sample of this study as it is shown below in Table 3.1. This sample is optimum as noted by Kothari (1990:56) that the optimal sample size is the one which meets the requirements of efficiency, representativeness, reliability and flexibility.

**Table 3.1: Population and Study Sample**

Categories of respondents	Estimated population	Sampled number	Percentage
Board members	14	10	5.9
HESLB's staff	109	55	32.3
SUA-Agricultural Engineering students-3 <sup>rd</sup> yr	355	105	61.8
<b>Total</b>	<b>478</b>	<b>170</b>	<b>100</b>

**Source: Researcher's analysis (2017)**

#### 3.4.2 Sampling Process

As a matter of the study being qualitative in genuine the application of sampling process involved both probability and non probability sampling procedures is not exceptionally a mistake (Yin, 2003). The study employed triple sampling techniques namely simple random sampling, purposive sampling and convenient sampling. Simple random sampling used to sample students' loans beneficiaries supported by Kothari (1990:56) that respondents selected using this approach have found to be large in number . Purposive sampling used to obtain a sample from board members; this is in line with Kombo (2006) observation that in purposive sampling, the researcher selects into sample only those who meet the objectives of the study. Convenient sampling applied to sample HESLB's staff in conjunction with Jamal and Kamuzora, (2008:138) stated that the researcher chooses those respondents who are available and willing to respond.

### **3.5 Data Collection Process**

#### **3.5.1 Interview**

In-depth interview was employed to collect information from the board members who were considered to be vested with important information in fulfilling the objective of this study. This fact is in line with the observation that, an interview as one of the data collection tool embarked on presenting stimulus whether orally or verbally and the reply comes out in form of both oral and verbal responses and is a method of choice when an investigator wishes to gather detailed on depth information of a selected topic (Yin, 1994). The interview guide (see Appendix IV) collected information on the way the role of board members has been carried out and the general experiences of the environment that facilitate their performance.

#### **3.5.2 Questionnaires**

In this study, questionnaires (see Appendix II & III) were used to gather information from the HESLB's staff and students' loans beneficiaries respectively in order to get access to their opinions and views concerning the role of board members towards attaining the strategic goals of the board. The popularity and applicability of this method comes when the scope of the enquiry is big as is preferred by private individuals, research practitioners and even the public institutions (Kothari, 2004).

#### **3.5.3 Documentary Review**

Documentary evidences were the instruments in supplementing the data that retrieved from the other means of collecting information such as interview and observation (Yin, 2003). Various relevant reports on legislation and policies were reviewed. More information gathered from the strategic plan of Higher Education Students' Loans Board (2014/15-2016/17), the Higher Education Student's Loans Board Act of 2004, and National Higher Education Policy of 1999, the HESLB Board guideline of 2007, a memorandum of understanding between HESLB and Credit Bureau and released reports

by board on higher education student's loans issuance and recovery. These documents provided an opportunity to corroborate the information from other methods of data collection that employed in this study.

### **3.6 Data Analysis**

This research report yielded the data that used both quantitative and qualitative analysis. The researcher analyzed the data based on objectives or perspectives of the study. Main steps involved for analysis in the study were to arrange and prepare the data for analysis, reading through the data, coding the data, generating categories and finally interpretation of data. As far as this study was concerned, the data extracted from field sources were initially coded and finally entered into the computer system before analyzing them by using a descriptive statistical tools method.

Quantitative analysis definitely means analyzing numbers about an aspect by choosing specific dimensions of that aspect. The data in this category was quantified numerically into a meaningful way by testing frequencies and percentages as part of descriptive statistical tools, it is also quite efficient. This is in agreement with Borg and Gall, (1983) hold that the most widely used and understood standard proportion is the percentage. For quantitative data, the questionnaires and interviews templates were numbered and coded in order to identify variable names and values and thereafter the information were processed using the descriptive statistics frequencies and percentages. Before that, the researcher was involved in a careful checking of returned questionnaire (filled questionnaires) in order to secure the standard of quality data by ensuring the data contained therein were accurate and consistent with other facts gathered, uniformly entered, complete as possible and well arranged to facilitate coding and presentation.

On the other hand, qualitative analysis entails analyzing in words or pictures by collecting data and recording peoples' experiences. Sensibly, the study was centrally undertaken qualitatively and data from primary qualitative methods (interview and questionnaire) were processed manually so as to prepare the collected raw data and pave

way for smooth analysis and thereafter, the data were subjected to content analysis whereas the main focus were on issues directly relate to the objectives of the study at hand. The researcher was interested to find out the role of Board members towards attainment of the strategic goals in public organization.

The findings from the content analysis were presented by these statistical tools in numbers and percentages after being coded, counted, weighted and presented into percentages for drawing conclusions by way of narration. In doing so, the researcher read through the transcribed texting of each interview and questionnaire by identifying responses relevant to the main questions asked by the study. The approach involved shortening of the text (reduction, distillation and condensation) and creating categories. The data from secondary qualitative method (documentary reviews) were subjected to documentary analysis technique whereby the data were scrutinized to determine their suitability, reliability, adequacy and accuracy.

## **CHAPTER FOUR**

### **PRESENTATION OF FINDINGS**

#### **4.0 Introduction**

This chapter deals with the analysis and presentation of research findings on the role of board members towards attainment of strategic goals in public organizations in Tanzania. In this part, the researcher attempts to analyze the data and interpret the results with respect to the research objectives set out in the introductory chapter.

#### **4.1 Description of Respondents**

The triple categories of respondents namely; the board members, HESLB staff at headquarter office and Agricultural engineering third year students at SUA as loan beneficiaries were involved in the study. The specific data in Table 4.1 below depicts the characteristics of a hundred and thirty (130) respondents among the a hundred and seventy (170) targeted respondents; equal to a response rate of 76.5% based on the information drawn from interviews and questionnaires.

#### **4.2 Demography of Respondents**

This study classified the study participants into three age groups as indicated in Table 4.1 below. The study reveals the variations in terms of age groups whereby majority of the respondents a hundred and four (104) equal to 80% had the age between 21- 30 years. In addition, the second largest age group of seventeen (17) respondents equal to 13.1% had the age between 31- 40 years. The respondents' characteristics indicate that forty seven (47) respondents equal to 36.2% of all respondents were female and eighty three (83) respondents equal to 63.8% of all respondents were male. Majority of the respondents about a hundred and twelve (112) equal to 86.2% had first degree education and ten (10) respondents equal to 7.7% of respondents had second degree education. In

addition, one (1) respondent equal to 0.8% had diploma education and where as seven (7) respondents equal to 5.3% of all respondents had a degree of doctor of philosophy.

**Table 4.1: Characteristics of Respondents**

Variables	Respondents							
	Board Members (n=7)		HESLB – HQ staff (n=38)		Beneficiaries (n=85)		Total (n=130)	
	N	%	N	%	N	%	N	%
Age in years								
21-30	2	28.6	19	50.0	83	97.6	104	80.0
31-40	2	28.6	13	34.2	2	2.4	17	13.1
Above 40	3	42.8	6	15.8	-	-	9	6.9
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>
Educational level								
Diploma	-	-	1	2.6	-	-	1	0.8
Bachelor Degree	1	14.3	26	68.4	85*	100.0*	112	86.2
Masters Degree	2	28.6	8	21.1	-	-	10	7.7
PhD	4	57.1	3	7.9	-	-	7	5.3
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>
Experience in years								
Below 5	1	14.3	17	44.7	83	97.6	101	77.7
6-10	1	14.3	13	34.2	2	2.4	16	12.3
Above 10	5	71.4	8	21.1	-	-	13	10.0
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>
Sex								
Male	4	57.1	21	55.3	58	68.2	83	63.8
Female	3	42.9	17	44.7	27	31.8	47	36.2
<b>Total</b>	<b>7</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>

\*They are now pursuing bachelor degree

**Source: Researcher analysis, 2017**

### 4.3 Key Results of the Study

This section presents the findings obtained through various data collection approaches described in the methodology chapter in relation to four research objectives and questions set out earlier in the introductory chapter.

### **4.3.1 The Legal and Policy Framework of the Board and Board Members Operations**

The researcher was determined to know the legal and policy framework upon which the HESLB's Board and its Board members operate. The researcher managed to conduct interviews with seven members of the board as the key players of framework and collected questionnaires from a hundred and twenty three respondents including thirty eight from HESLB staff and eighty five beneficiaries.

The findings retrieved from documentary searches indicated via the Higher Education Student's Loans Board Act of parliament No. 9 of 2004 that in terms of composition, the Board consists of not less than nine and not more than fourteen members appointed by the Minister as follows; a Chairperson, the Director of Higher Education, a representative from the Ministry for Education in the Revolutionary Government of Zanzibar, a representative from the national Treasury, the director of Vocational Education, a professional lawyer from the office of the Attorney General, a representative of Tanzanian association of employers, a representative from financial institutions, a representative nominated by a body representing public higher education institutions, a representative from private higher education institutions, a representative of the Ministry of Education, Science, Technology and Vocational, a representative from the Ministry of Finance in the Revolutionary Government of Zanzibar, a student representing private higher learning institutions and a student representing public higher learning institutions. The HESLB Lending Manual (2007) stated that each Board member is required to attend the full Board and committee meetings and during those meetings is where the Board members may ask for any information that orients an institution in course of performing and fulfilling their duties, debate and approve the strategic plan and policies developed by management, monitor and supervise the standard of results delivered by management (and others as required) and communicate performance of Board to their key stakeholders and the public in general.

NHEP (1999) among other things papered on financing higher education and channels that an effective financing strategy for future is to accommodate the changing role of the Government in managing and financing education. Emphasis would be directed at cost sharing and power sharing with private organizations, individuals, non government organizations and communities would be encouraged to take an active role in establishing and maintaining institutions of higher learning. Students have to contribute for their education. HESLB's Strategic plan (2014-2017) under page 75 confirmed that HESLB should provide loan assistance to needy Tanzanian students who acquire admission in accredited higher education institutions but unfortunately they are economically unable to pay for their education expenses, the Board contributes to government's efforts aimed at equitable and quality education in Tanzania. However, in order to achieve and sustain its objective of assisting, on loan basis, needy Tanzanian students to meet the costs of their education, HESLB must play a much more significant role in identifying eligible students, issuance of loans and effective recovery of the loans in order to sustain the Board. In such circumstances, it is quite clearly that the elements of legal framework are antagonistic to each other and speaks different languages.

The obvious evidence is that the loan collection activities started after 16 years following the improvement of the legal framework in 2004 and two years of arranging debtor's information in a retrievable format (Memba and Feng, 2016). They added that, nevertheless, the legal framework was put in place without any clear objectives and interrelationship between all implementers and strategic partners leading to unclear interrelationship between potential organizations such as Tax authorities, security funds, registrar of companies and local government authorities. NHEP (1999) inked that self employed beneficiary shall be required to repay the loan as stipulated in the law. In case of beneficiaries who get self employed, licensing authorities for business, practice and travel must establish whether or not the applicant is a loan beneficiary. This can be done by examining candidates certificates used for supporting applications which shall indicate whether or not the bearer is a loan beneficiary. The licensing authority has to inform in writings the Ministry responsible for higher education of the applicants

business and address for purpose of loan recovery. Thus, a dilemma is always generated, and it creates a room for strategic deferred debts which is more severe in many students' loans schemes in the world. These challenges have been threatening the sustainability of HESLB and ability of the government to finance eligible and poor needy students. The strategies for improving loan recovery include creating awareness among loan beneficiaries and the community as whole on the importance of having a sustainable revolving fund in terms of effective loan repayments and retaining the value of the loans (Rugambuka, 2008).

In addition, urgently in the mid 2016 HESLB entered and signed a memorandum of understanding with a company so called Credit Bureau as an agent to enforce and speed up loan collections from previous beneficiaries (HESLB Operational Report, 2016). HESLB Act No. 9 of 2004 section 5 sub-section 5 (1) and (2) which has also been amended by Act No. 9 of 2008 CAP 178 showed the appointment procedures of the all fourteen board members, that is to say except, the chairman who is a presidential appointee all other members are appointed by the Minister of Education, Science, Technology and Vocational Training of the United Republic of Tanzania after being nominated or elected by their respective persons or institutions. The dissemination and advocacy of this Act is accessible on an official website named [www.heslb.go.tz](http://www.heslb.go.tz) through a PDF file which is in English format only.

The findings obtained through interviews revealed that all seven (7) interviewees equal to 100% confessed that the existing legal framework which governs the operations of the Board and its Board members is ineffective as long as for now it is a barrier for failure of execution of some significant tasks especially loan recovery. The respondents claimed that there is a need of joining some stakeholders as Board members; these are from tax authority, registrar of companies, security funds and local government authority. This measure was hailed to lift up and strengthen the loan collections from previous beneficiaries especially in informal and private sectors.

*“Undoubtly, everyone in this country knows that we are no doing well when it comes to loan recoveries. This is simply because; the current legal framework is not efficient anymore as a result of exclusion of some important stakeholders from TRA, BRELA, and local government authority and so on. Their existence in the Board will be very helpful considering that loan recovery is performing badly in the private and self employment sector where most of the beneficiaries are working”* (Interview, Board member, January 2017).

The findings captured through questionnaire revealed that only twenty four (24) respondents equal to 19.5% are found to be aware of the full framework of the Board operations. As they know that the Board consist of not less than nine and not more than fourteen members who are all appointed by the Minister of Education, Science, Technology and Vocational Training of the United Republic of Tanzania following upon nominations or elections from respective individuals or organizations whom they are to represent in the board, except the Chairman who is appointed by the President as it is stipulated in the relevant acts and regulations while on the other hand, a large number of ninety nine (99) respondents equal to 80.5% claimed not to be aware of both policy and legal framework of the Board members and their operations. And, when respondents were asked whether they have seen or read the guidelines related to the mandate and operations of the board particularly their appointment procedures and ways of performing their duties, it was revealed that only twenty six (26) equal to 21.1% of them had ever either see or read them. All eighty five (85) students’ respondents in different ways voiced that the dissemination of those regulations to all stakeholders for awareness building is a questionable matter and that apart from their loan officers; they are not aware of any specific role played by their representative in the Board.

### **4.3.2 Methods, Procedures and Techniques used by Board Members to Attain Strategic Goals**

The researcher was geared on understanding the methods, procedures and techniques which are applied and utilized by board members at HESLB towards attaining strategic goals. The researcher purposely and directly conducted interviews with seven members of the board and collected questionnaires from a hundred and twenty three respondents as well as thirty eight HESLB staff and eighty five beneficiaries.

The findings obtained through documentary reviews revealed via The Higher Education Student's Loans Board Act of parliament No. 9 of 2004 as amended under Cap 178 in 2008 that the Board shall meet at least once in every six months and as often as there is sufficient business to transact. Board meetings are of no exception, they are high level meetings of any institution and the meetings provide a platform of passing important and highly classified decisions such as audit reports, annual budget and blessing management plans. All those meetings are be conveyed by a Chairman, unless when the Chairman is ill, absent from Tanzania or other sufficient cause the Vice-Chairman has to do so, this view is confirmed by HESLB's Strategic plan of 2014-2017 under page 85 that during the implementation period, there will be six (6) audit committee, eight (8) finance, planning and administration committee and ten (10) loan allocation and repayment committee board meetings.

On the other hand, under section 8 of the same Act, the Board shall for the purpose of efficient performance of its duties and by resolution in writings, appoint not more than three committees to perform functions as may be directed by the Board. The committees appointed and which are in operation includes; (i) loan allocation and repayment committee (LARC) which deliberate on matters pertaining to loan disbursement and collections, this committee is mandated to approve the loan issuance and granting criteria, the number of applicants at each batch to be issued loans, the allocated budget for loans disbursement in each financial year, review loan recovered rate at an agreed

period of time and also approving the structures established to enforce loan recovery efforts (ii) finance, planning and administration committee (FPA) which works on issues related to both planning and research functions at one side and finance and administration functions at the other side, the committee is vested with the mandates to approve the proposed financial budget yearly, bless the Board's strategic and annual tactical plans and approving the carry out of feasibility studies and development of proposals in issues pertaining to the improvement and efficiency of the Board operations and the last one is (iii) audit committee (AC) which scrutinize and deliberate issues on audit reports and functions, this committee is designated to receive, check and recommend to the management on the actions to be taken against the queries and issues arises from internal and external audits reports including that of Controller and Auditor General and also, it can recommend for an audit to be carried out any time if feels suspicion that the Board financials is at a stake (HESLB, 2014). In general, the number of members in each committee formed depends on the existing number of the full Board members at a time and each committee is headed by a Chairman and a Vice chairman, the other ones remain as normal members.

The findings obtained through interviews revealed that all seven (7) interviewees equal to 100% pointed in a very specific way that board committees, quarterly-ordinary and extraordinary board meetings are the key methods, procedures and techniques which used by board members in order to ensure the strategic goals of the board are met. This is for sure, since the HESLB's strategic plan (2014-2017) under page 85 confessed that apart from ordinary ones, two (2) extra ordinary board meetings will be held during the reported time as an engine to accelerate achievement of strategic goals. It is reminded that the HESLB Strategic Plan of 2014/2015-2016/2017 is the second strategic plan to be put in place since the Board commenced its operations in July, 2005 (HESLB, 2014). The new plan takes over from the first 2011/2012 – 2013/2014 plan. The new strategic plan in place set three (3) main strategic goals that are there to be attained, these are; strategic goal no. 1 is transforming HESLB into Semi-Financial i.e. Self-sustainable and

credible institution, strategic goal no. 2 is building a broadly ICT based operations (paperless) and strategic goal no. 3 is decentralization of its operational activities.

*“We have three committees, these are loan allocation and repayment committee, finance, planning and administration committee and audit committee. All these committees are guided by terms of references and mandated to always meet to deliberate on issues related to their respective departments, thereafter the Board would ratify those committees decisions”* (Interview, Board member, January 2017).

On the other hand, it was revealed by respondents that capacity building programs such as refresher trainings for board members has been an important tool to equip board members with knowledge and skills required to undertake their duties properly and enhance their capacities in making decisions towards attaining strategic goals.

*“Sometimes, we go through a number of trainings that at the end make us very knowledgeable about board affairs and strengthen our decisional making skills. This helped us enough to advice the management properly on various issues put on table”*

The findings obtained through questionnaires indicated that eighty nine (89) respondents equal 72.4% agreed that Board meetings is the preferable method used by board members to make important decisions that ultimately accelerate the achievement of the strategic goals set. Also, twenty eight respondents (28) equal to 22.8% claimed Board committees is the major operational method that is in place by law to be made useful by board members in terms of executing their duties efficiently and enabling the achievement of the strategic goals possible. In this for example, nineteen (19) out of twenty eight (28) respondents equal to 67.9% with such view revealed that, before releasing any batch for loan beneficiaries in a new academic year, the committee responsible for loan allocation has to sit in order to ratify the decision and offering a go ahead. The remaining six (6) respondents equal to 4.8% claimed that they are not sure

whether board meeting and board committees are the proclaimed methods, procedures and techniques used by board members to attain the strategic goals of the board.

#### **4.3.3 Challenges Encountered by Board Members in Performing their Roles**

The researcher was determined to open up and mirror the challenges experienced by board members in performing their duties at HESLB. The researcher interviewed seven members of the board and managed to collect questionnaires from a hundred and twenty three respondents including thirty eight from HESLB staff and eighty five beneficiaries.

The findings obtained through documentary review indicated that the board members are obstructed by political interference from higher authorities. This situation resulting into possession of limited autonomy in making decisions on key strategic issues such as selection of the students to be loaned, categorization of loan priority courses, determination of tuition fee charged in higher education, selection of students attending overseas studies and improvement of the legal framework to enforce loans collection and recovery. This is evident under section 33 sub-section 2 (b) of the HESLB Act No. 9 of 2004 that the Minister where applicable may make regulations for rating the fees and other charges related to the services or facilities provided by the Board. HESLB's Strategic Plan of 2014-2017 named one of its strategic goals is to transforming HESLB into a semi-financial institution whereby the board expected to be self-reliant, sustainable and credible in its operations.

However, recently the board had a deficit of 90 Tshs Billion against its anticipated recoveries which simply is in the pockets of the previous beneficiaries for the period of 10 years from 2006 to 2016 (Momba and Feng, 2016) and the existing plan which states that by 2016/2017 cumulative loans collections per annum will reach at a rate of 80% of due loan installments remains a myth. This means that simply because of lack of political limitations, the board members continue to be driven by political influences on making strategic decisions on key issues like loan collections and disbursement, the

mission of building a revolving and self financing fund in Tanzania is in question because the existing loan scheme continues to highly depend on the government.

The findings captured through interviews revealed that four (4) interviewees equal to 57.1% pinpointed interference in decision making by political authorities as a major challenge that slows down the performance of board members and their efforts towards achieving strategic objectives of HESLB. For example, board members are obliged by section 7 (1) (j) of the HESLB Act No. 9 of 2004 to collect all loans owed by past borrowers starting from July 1994 whether they have been funded by their respective employers or financed by the student loan scheme or otherwise, at the same time section 32 of the same Act shows that at his/her own discretion, the Minister may issue specific or general directives to the Board and Board members, although the directions provided shall be in line with the purpose and regulations of the Board as to performance by the Board of any of its obligations, the Board and its members shall give effect to every directives issued by the Minister, this quietly means even if such directives have a political interest.

This role was practically prioritized in the HESLB's Strategic Plan of 2014-2017 as a transformation of HESLB into a semi-financial student loan fund through self-reliant, sustainable and credible operations as one of the strategic goals. Surprisingly, in the first two years of the plan (2014/15 and 2015/16) only Tshs. 21.67 billion out of the planned Tshs. 85.2 billions equal to 25.4 percent was collected (HESLB, 2015). In such situation, as a result of limited autonomy the Board members experience obstruction in both decision making and performance of their roles for the betterment of the achievement of the strategic goals. Strategies for ensuring financial sustainability in HESLB aimed primarily at improving internal and external revenue generation geared towards self-reliance of the Board as well as prudent financial management. Among the internally generate revenue at HESLB is through loan recovery in which currently HESLB has attained a repayment/recovery at the rate of 42% of the total due loans compared to the targeted repayment/recovery rate of 80% by 2017 (HESLB Strategic plan, 2014-2017).

*“First of all, congratulations for your determination in knowing our roles. There are so many challenges that we face as board members especially when you are working in a modern organization like HESLB, but a prominent one is political interference by higher authorities when ratifying strategic decisions. I can tell you, one day we were in an ordinary meeting in Arusha, suddenly our Chairman informed us that the meeting is called off and that we are needed in Dar es salaam in the next two days by the Minister for ad hoc meeting ”* (Interview, Board member, February 2017).

On the other side, only three (3) interviewees equal to 42.9% claimed that the decrease of both government subvention and the share of higher education budget in the total education budget in the recent years have been alarming as significant obstacles in fulfilling their obligations. Although, the board members are empowered by law under section 7 (1) (b) of the HESLB Act No. 9 of 2004 to administer funds and in particular the funds allocated under government budget for loans to higher education students. It is recorded that the HESLB’s Strategic plan of 2014-2017 opted decentralization of its operational activities by establishing zonal offices as one of its strategic goals. Up to date, HESLB has only three (3) zonal offices in Mwanza, Zanzibar and Dodoma. Two years ago the plan was to open other two zonal offices in Mbeya and Arusha, however as a result of slight flow of government funds; it is not successful up to now. Under such circumstances, it has been concluded that efforts by board members to achieve this strategic goal will be history if a good flow of government subvention continues to be a problem.

*“Ms. Researcher let me tell you something. As board members, we are required to fulfill our responsibilities by law and regulations but funny enough there is no sufficient financial resources to enable us carry such tasks. For example, two years ago we were informed by a current strategic plan to open up at least two zonal offices in Arusha and Mbeya, surprisingly, none of them is opened as we are speaking. This is a result of a slight flow of government subvention”* (Interview, Board member, February, 2017).

The findings obtained through questionnaires mirrored that seventy two (72) respondents equal to 58.5% viewed that the yearly increase of enrollments and admissions of higher education students as a result of mushrooming of higher education institutions is a challenge facing board members in respect to performance of their roles. The respondents with this view insisted that the board members are mandated and required by law to issue loans to all eligible and needy students; however, the demand of loans by admitted higher education students becomes very high comparing to the fund allocated for issuance. Fifty four (54) respondents out of seventy two (72) equal to 75.0% with this view went far and confirmed that, many of those new emerging higher education institutions are private offering the same courses as the old existing ones.

On the other hand, the remaining fifty one (51) respondents equal to 41.5% advocated the placement of loans to non eligible students as a heavy challenge facing the board members in executing their duties. In respect to the section 6 sub-section (2) of the HESLB Act No. 9 of 2004 the board members are obliged to formulate mechanism for determining eligible students for payment of loans. Consistently with HESLB's Strategic plan of 2014-2017, the creation of a broadly ICT operations for enhancing efficiency in both loan disbursement and recovery was prioritized as one of the strategic goal.

#### **4.3.4 Recommendations for Improving Performance of Board Members**

The researcher was interested to come up with measures towards improving the performance of board members at HESLB, therefore the researcher interviewed seven members of the board and retrieved questionnaires from a hundred and twenty three respondents included thirty eight HESLB staff and eighty five beneficiaries.

The findings obtained through documentary review discovered that there must be effective mechanisms in place in order to boost students' loan repayment (Lee, 2003), that means a good legal framework to ensure the higher education students' loans are enforceable legally (Woodhall, 2004). It seems that Tanzania is moving straight forward as far as the establishment of mechanisms for loan recovery and enforceability of the

students' loans legally is concern. The move to legally enforce students' loan recovery pioneered by an enactment of the parliamentary Act No. 9 of 2004 which specifically incepted HESLB and more importantly provided with the mandates and authorities to implement the directives of the Act especially on loan repayment by tracking previous beneficiaries through their employers.

Also, on the basis of the proponents argument means testing in its generic framework seems to ensure that only those who benefit the loans are actually the ones who need those loans in order to be able to pursue a tertiary degree (Chapman, 1997 and Johnstone, 2003). Surprisingly, the instrument is condemned as being difficult and complicated in its application in most of the countries world widely where higher education students' loan schemes are prevailing and at maximum, the complaints become much serious in third world nations especially African developing countries (Abebayehu & Johnstone 2004). The complaints and ambiguity are resulting from the questions on the criteria that have been used to assess and identify the economic ability of a student and his/her family so as to verify and set the amount that a family can actually pay towards sharing the costs of higher education for their children.

The circumstance narrated above is relevant to the higher education students' loan scheme in Tanzania. Since the commencement of its operations, HESLB has been using means-testing in a very challenging environment. For example, approximately Tanzania has a relative population of 47 million people (URT, 2016), the informal sector is occupying a significant size of her economic spectrum (ILO, UNDP, UNIDO, 2002) and up to date a country does not have a national database of her people's economic ability and assets (URT, 2002). Bad enough, ICT systems and infrastructures of the country are still underdeveloped (Ngalinda and Mtagahywa, 2005). More arguably, suspicious behind the forgeries pointed out by some students is another challenge for HESLB. The strategic activities for improving the efficiency of the Board in matters related to issuance of students' loans include designing ways for widening the coverage of eligible Higher Education (HE) students, providing a conducive environment for loan

application and improving customer care, enhancing linkages with higher learning institutions and improving data management (Johnstone, 2005).

The findings obtained through interviews noted that all seven (7) interviewees equal to 100.0% recommended the improvement of legal framework of the Board by the government through the proper review of the National Higher Education Policy of 1999 and the enforced HESLB Act No. 9 of 2004 as a multidimensional measure that need to be employed so as to improve the performance of board members and enable them to achieve the strategic goals planned.

*“Apart from blaming the Board of not being able recover the huge loaned money, the government should make a reflection on its own and step forward to review the existing regulations by improving the Board legal framework that will embrace members from all important stakeholders such as tax authorities, registrar of companies, local government, private sector and security funds who currently are left out in the operating framework. This move will at large enforce loan collection and recovery activities and at the end the scheme will become self financing and our goal will be finally achieved”* (Interview, Board member, January 2017).

The findings obtained through questionnaires indicated that eighty one (81) respondents equal to 65.9% came up with the suggestion that the Board should initiate and put in place a very comprehensive ICT system for tracking loans applicants as a measure that can be employed to improve performance of Board members by accurately determining the eligible and needy students. The respondents showed their disappointment and disagreement with the current means testing procedures which for a long time now HESLB has been using it as an instrument to determine and verify students and families ability to contribute to the costs of higher education, the means-testing procedure is largely opposed by students with a reason that it tends to treat them unfairly. The uncertainties around the instrument become more complicated when someone questions in which source the authentic information about family incomes and assets come from. The complexity and dilemma of means testing become more serious when one thinks of

the authentic source of information about the family incomes and assets. The remaining forty two (42) respondents equal to 34.1% recommended the establishment of student's financial support and aids in form of scholarships and grants. This seems to be necessary as it will reduce the number of students' dependant on loans and at the same time enables the Board to increase the number of financially supported beneficiaries in the higher education and meet its desire to expand higher education participation without imposing an excessive burden on public fund.

## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS**

#### **5.0 Introduction**

This chapter is written based on the findings obtained from interviews, questionnaires and documentary reviews with both board members and staff at the headquarter of Higher Education Students' Loans Board (HESLB) and also, the third year bachelor degree students who are loan beneficiaries pursuing Agricultural Engineering at Sokoine University of Agriculture (SUA). Generally, the study intended to examine the role of board members towards attainment of strategic goals in public organizations by exploring experiences from Higher Education Students' Loans Board.

#### **5.1 The Legal and Policy Framework of the Board and Board Members Operations**

The amendment of the Higher Education Students Loans Board Act No. 9 of 2004 under CAP 178 in 2008 improved the policy and strengthens loans allocations and disbursement to a large number of eligible and needy students enrolled in various public and private higher learning institutions in the country (Nyahende, V. R, 2013). It is evident that the policies and guidelines for issuing loans to eligible and needy higher education students are in place in Tanzania. The study found that, visible challenge at first was ineffective legal framework that guides the operations of the Board and its Board members. This is convincing since the current operational framework of the Board doesn't include some significant stakeholders from Tax authority, Registrar of companies, Security funds and Local government authorities, indeed, their active existence has been recognized by some researchers to be very crucial and highly needed in present times when the loan recovery account is not performing well while most of the beneficiaries are self employed and many of them are working on private sectors. Also, there is poor dissemination of policies including the Higher Education Development Programme (2010-2015), the Law of the HESLB Act of 2004 and the

National Higher Education Policy of 1999 to the beneficiaries and education community as stakeholders. Also, policies are not translated into Kiswahili and thus remain as a hindrance in ensuring appropriate understandability of the directives and commitments. This being the case, it is evident that stakeholders' involvement in the review process has been problematic. This may be a result of the key implementers to lack some important guidance and commitments that are stipulated in the existing policies.

## **5.2 Methods, Procedures and Techniques used by Board Members to Attain Strategic Goals**

Stipulation by the relevant provisions on existence and prevailing of Board meetings and committees in times is vital in achieving the objectives of the HESLB. The study has revealed that in order for Board to bring positive results, the involved stakeholders represented by appointed members need to meet at least quarterly per year for the so called ordinary meetings to discuss developments, plan and internalize the way the operations in track could bring the intended results. The experiences shared by the respondents indicated that, the Chairman of the Board may summon at any time when urgent and necessary the so-called extraordinary meeting in discussion and deciding important issue(s) arising and or directed by the President, Prime Minister or the Minister of Education, science, technology and vocational training.

However, the views shared by respondents justified that the Board has three committees as per the existing law; these committees include loan allocation and repayment committee, finance, planning and administration committee and audit committee. These committees are delegated and mandated by the Board some of its powers and functions as far as advising management on relevant departmental matters is concern. In performance of their duties, these committees are guided by terms of references and genuinely, they meet to deliberate issues related to the respective functional department arising out of daily Board operations and thereafter, the full board remain with a major task of ratifying the decisions made by those committees.

### **5.3 Challenges Encountered by Board Members in Performing their Roles**

Ineffective loan recovery was foreseen as a strong challenge recently facing the Board and its Board members as whole especially loan collection in private and self employment sector. The study reveals that, there have been attempts by the government and board itself to speed up the loan recoveries in the country, yet there are several obstacles related to the difficulties in tracking beneficiaries especially those who are employed in private sector and those who are self employed. In principle, the board operating zonal offices in Mwanza, Zanzibar and Dodoma and planning to open up offices in Arusha and Mbeya as a long term strategy to ensure that beneficiaries are appropriately tracked and employers are nearly followed, inspected and ultimately adhering to their commitments of repaying back the loan in a voluntary way. This result is consistent with Hustinx who noted that volunteerism is essentially a social phenomenon that involves patterns of social relationships and interaction among individuals, groups and associations.

The study reveals that the need of having a comprehensive system for tracking loan applicants so as to justify their need and eligibility is very seriously. The experiences from respondents showed that the means-testing procedure is not objective and doesn't treat the students fairly. The respondents with this argument complained to know some of their fellow students who are from poor family and yet they were not given loans while students from well-off family are still benefiting loans from the Board. This notion calls for a review of an existing means testing procedures which has been utilized by board members for a long time now and looks further on having a comprehensive ICT system (paperless) that will dig deeply the applicants information since primary up to secondary schools education levels, this will help the Board to carry out its primary task of providing financial support to eligible and needy Tanzanian students enrolled in the higher education institutions.

Partly, Tanzania's HESLB rely solely on the loan application forms provided by students to get the information about their families' economic status. As far as the

verification of the information given in the forms is concern, the respective Ward Executive Officers in their locality do authenticate the application forms by endorsing them (URT, 2006). In additional, there has been an argument that if the loyalty of the endorser is biased towards the student and his family than to the loan fund and the board, then the whole act of verifying or endorsing becomes jeopardized and such certification may mean nothing but a rubber stamp (Ziderman, 2002).

The study reveals that improper ratio between the numbers of higher learning institutions versus the funds invested in higher education sector is a dilemma. Ishengoma (2004) argued that since HESLB was incepted up to now, there has been a continuously increase of access of the poor needy students to higher education as a result of the tremendous increase of higher education students enrollment due to the increase of number of universities and colleges. Before the initiation of the higher students loans programs there were only 11 existing public owned universities and university colleges as well as 19 individually owned universities and colleges (Tanzania Commission for Universities, 2009) but currently, there are more than 54 both public and private universities and colleges that offer higher learning education, (Tanzania Commission for Universities, 2016). This is in line with Somers et al (2006) argued that more families are relying on students' loans to finance their children's higher education, which is especially true in Tanzania. This becomes a mystery as a result of growing underfunding of the Higher Education (HE) sector by the government. According to Johnstone (2006) with regards to higher education students loan fund, the government expects the following out of it; that within a short time a large amount of money can be acquired from loan recoveries, that the government can suspend the budgetary allocations for higher education and totally quits from financing higher education and student loan fund can be made self financing with a revolving fund.

#### **5.4 Recommendations for Improving Performance of Board Members**

The major limitation facing the transformation of higher education financing from a merely loan scheme towards having a higher education students sustainable revolving fund is named to be ineffectiveness in loan recovery over 12 years since the commencement of loan collection operations in 2005. Scheme has assumptions that are all focusing on the repayments of the previous loans provided by emphasizing that the loan board will recover back the loan issued on due date without any form of resistance from the beneficiaries. Berlinger (2009) argued that, the previous beneficiaries need to be insisted to pay back the loans issued through various platforms such as the use of educational campaigns that sensitize loan repayment and also, may be hiring an agent for loan collection as it is done in case of Tanzania. These attempts have been tried by the government and board itself for a long time now without becoming fruitful. This calls for strict analysis of the scheme's legal framework with view to protecting it more from revenue loss.

Basing on the procedures of loan allocation, the respondents mostly the students insisted that the procedures were not friendly to them if not convenient. They further viewed that the means testing instrument is practically unfair and also costly for students who appeals and striving to compress for the loan after failed to acquire an allocation in the first batch. Additionally, they even emphasized that the means testing procedure is primarily attracting and inviting forgeries and even worse corruption practices, however this study didn't cross beyond its limits to investigate such criminal issues. This clarification is related to Ababayehu and Johnstone (2004) pointed that there is a tendency of manipulating the actual incentives and abundant opportunities by rich families in order to mislead the status of income and assets ownership and successfully hiding from the eyes of the authorities and actually under such explained environment the means testing must underperform. Contrary to the primary objectives of the loan scheme, deliberately or un-deliberately HESLB may be unfairly treating the students since the procedure has been providing unexpected results and bring the suspicious of

corruption practices. According to Johnstone and Marcucci (2009) a number of reforms in higher education student financing programs were made in many nations in Europe and Asia around 1990s as a result of; non existence of student financing systems and increasing cost, a change from a highly selective to mass system of higher education and the intention of increasing the participation in higher education without excessively jeopardizing the public finances.

Yang (2006) in his research in Asian countries show that too much dependency on public finances experienced by Asian countries has necessitated several governments to come up with new approaches towards increasing individual contributions to financing higher education. Philippines and Japan for instance, they do use self financing to attend private owned institutions. According to Woodhall (2002) higher education students in most of Asian countries are supported financially in form of grants and loans although the question about equity concludes that the loans will likely lead to more equitable sharing of the higher education than a system of scholarships, grants, tuition fee financed from the government fund (Woodhall, 2007). However, complaints alarm that things are not doing good somewhere and the study calls for a systematic review of the so-called means testing and justify its objectivity and efficiency. This move will make sure only the needy and eligible students enrolled to pursue their higher education are given loans and through this, the central objective of the scheme will be met.

It has been widely discussed that the tendency of the higher education students to depend heavily on the loan is attributed by merely the existence of a single loan scheme followed by previous cost sharing policies. Despite the fact that the loan reaches to the beneficiaries at the end but frequently the allocation procedure has been unfriendly to the level that is threatening the students to suspend their academic commitments and more unexpectedly in Tanzania, the fierce competition to strive for loans from single source has been pointed as one among the main causes of students' unrest in the higher education. This situation conflicts with the core objectives of the students loans schemes across the world which is actually enabling students especially those from poor families

with less or no economic ability to pursue their higher education for the better future of the individual student and the national at large. In that way both the holder of such acquired education and the community as whole benefits directly and indirectly and ultimately, the goals of a country to engage in that investment would be finally achieved. According to the explained circumstances and environments, it's time to initiate other sources of financing higher education students such as establishment of scholarship and grants programs. This will reduce the public pressure on depending solely on the existing scheme and finally, there will be more alternatives financing strategies and more eligible and needy students with highly academic potentials will be supported thus the investment in education will be very successful for future gains.

## **CHAPTER SIX**

### **CONCLUSION AND RECOMMENDATIONS**

#### **6.0 Introduction**

This chapter presents the summary of key findings in terms of conclusion, recommendations and recommended areas for further studies.

#### **6.1 Conclusion**

The intention of this study was to examine the role of board members towards attainment of strategic goals in public organizations in Tanzania by exploring experiences from Higher Education Students' Loans Board. The study concludes by focusing on the role of board members that would facilitate the attainment of strategic goals in the board studied. The following roles of board members were found to be significant in attainment of strategic goals of public organizations in the study area.

Based on the existing legal and policy framework of board and board members operations, the analysis found that deficiency of legal and policy framework weakened the implementation of the current strategic plan. Given that most of important stakeholders especially from tax authorities, security funds, registrar of companies and local government authorities were left out in the board. Appropriate legal and policy framework embracing all crucial stakeholders would have a significant impact on the operations of board especially stimulating loan recoveries and accelerate the attainment of strategic goals.

The reflection made in this study listed out that quarterly-ordinary and extraordinary meetings are adequate and most sufficient methods, procedures and techniques to undertake and support board members towards attaining strategic goals in the study area. The study revealed that the three board committees namely; loan allocation and repayment committee, finance, planning and administration committee and audit

committee are formed by blessing of the law to energize the board and distribute responsibilities among the board members, this breaks the glance of bureaucracies faced in convening a meeting and speed up the decisions especially those happens to be urgent at such times. Though, voting is a procedural way in both full board and committees meetings that deciding whether a certain decision is passed, rejected or pended. It should be noted that each board member has one deliberative vote and when happens that the votes of the members are equal, the Chairperson of the meeting is designated a casting vote apart from his or her normal deliberative vote.

However, the board members and the board itself is suffering from hectic loan recovery since its collection efforts has not been in consistent with that of provision. More important, the study found out that the other faced constraints include decrease of higher education budget in the total education sector versus mushrooming of private higher education institutions as well as dwindling of government subvention in the recent years and a comprehensive loan applicant tracking system to verify their needy and eligibility to replace a condemned means testing is missing.

The results presented in this report also pointed out that, attainment of strategic goals rely significantly on existence of an effective legal and policy framework at the right time that guide the operations of the board and its board members. To a greater extent, the study suggested the critical review of the current legal and policy framework so as to accommodate all crucial stakeholders and provide clear objectives and commitments to each stakeholder. In addition, the study calls for a systematic review of the so-called means testing so as to be able to justify its objectivity and efficiency and see if it is necessary to come up with a new comprehensive system for the same purposes. At last, the government is advised to psychologically reduce the public pressure and dependency solely on the existing scheme and come up with a number of more alternatives as higher education financing strategies such as scholarships programs and grants, henceforth, more eligible and needy students with highly academic potentials will be supported thus the investment in education will be very successful for future gains.

According to the findings acquired, it is safe to conclude that the board members at HESLB are not fully performing well towards attaining the strategic goals, these are; transforming HESLB into semi-financial; self, sustainable and credible institution, creating a broadly ICT based operations and decentralization of its operational activities. It is clear to remark that the government has devised the mechanisms for loan recoveries from previous beneficiaries without reviewing the legal and policy framework of the Board operations that is why the practical loan recovery is not yet realized and the Board's initiative to operate on its own through loan recoveries is not actively working which simply implies HESLB's little attainment of strategic goals. It is also safe to conclude that the Board has put in place effective methods, procedures and techniques for attaining the strategic goals of HESLB.

## **6.2 Recommendations**

The following are the recommendations put forward in the light of the study findings;

More efforts should be made by the government to review the existing operational legal and policy framework that governs the board operations. This is a crucial step so as to make inclusion of some important stakeholders such as tax authorities, security funds, registrar of companies and local government authorities in board as per the prevailing national guidelines. This move will fasten the pace of loan recovery and attaining a central strategic goal of having a sustainable revolving.

The government is advised to devise and put in place the national comprehensive database that could keep the information of every citizen. If this can be done then the claims of forgeries and misreporting on own information would be a history. It has to be kept in mind that the said national database can be of use even by other authorities to tackle and deal with the problems of such kind.

It is wisely recommended that the means testing must not only rely upon the information contained in the students' loan applications. To be successful in case where there is

authentic information of the applicants' economic status, having more than one source of records in place is very significant. Until it is satisfactory, HESLB should look for the applicants' information at the grassroots level such as from local leaders, headmasters of primary and secondary schools, fellow students in primary and secondary schools and even nearest neighbors. This is possible by putting in place a genuine comprehensive system for tracking applicants in order to easier the verification for their needy and eligibility since the applicants were still in secondary education and at last will acquire enough records to supplement with one provided by applicants. Consequently, the impacts derived from the move will be enhancing equitable loan issuing and also avoiding forgeries and misleading issues.

Finally, strong coordinated advocacy and dissemination of policy and guidelines should be emphasized in order to improve awareness of all stakeholders on their commitments to repay back the loan and their role in the attainment of strategic goals of the board. Through advocacy, beneficiaries among other stakeholders will in turn appraise their contributions that ultimately focusing on the process of loan issuing and recovery.

### **6.3 Areas for Further Research**

This study was undertaken to examine the role of board members towards attainment of strategic goals in public organizations in Tanzania. The researcher calls for similar studies to be done. It is suggested that the scope of the study should be wide enough to involve more stakeholders to mention a few are employers, parents or guardians and owners of various higher education institutions. In additional, the recommended study should also accommodate students from a large number of institutions because this study involved students from only one institution.

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## APPENDICES

### APPENDIX I:

#### HESLB STAFF DATA

<b>S/No</b>	<b>DEPARTMENT</b>	<b>STAFF NUMBER</b>
1.	Loan Allocation and Disbursement	26
2.	Loan Repayment and Recovery	39
3.	Administration	21
4.	Planning, Research and ICT	11
5.	Information, Education and Communication	6
6.	Procurement and Supplies	4
7.	Legal	2
8.	Zonal offices	17
<b>TOTAL</b>		<b>126</b>

Source: HESLB Staff Data, 2017

**APPENDIX II:**

**QUESTIONNAIRE FOR HESLB's STAFF**

Greetings. My name is **Winnifrida Madeba**, pursuing Master of Science in Human Resource Management at Mzumbe University. I am conducting a study on the role of board members towards attainment of strategic goals in public organizations in Tanzania particularly at HESLB-Headquarter in Dar es Salaam. I grateful request you to take part in this study. Your participation will be remembered forever for academic achievement of this study.

**Part I: Staff Personal Particulars:**

- a) Age.....
- b) Gender.....
- c) Education level.....
- d) Department.....
- e) How many years have you been working here.....?

**Part II: Study Information:**

- a) What do you know about the board member?  
.....  
.....
- b) Is the selection process of board members effective enough to enable the attainment of strategic goals?
  - i. Agree ( )    ii. Disagree ( )    iii. No opinion ( )
- c) Based on your experience, does the diversity composition of board members satisfactory in achieving strategic goals?
  - i. Agree ( )    ii. Disagree ( )    iii. No opinion ( )

d) Are the decisions made during board meetings significant in attainment of strategic goals?

Yes/No,

how?.....

.....

.....

.....

e) Are the board committees useful and work appropriately on important decisions contributing to the attainment of strategic goals?

i. Agree ( ) ii. Disagree ( ) iii. No opinion ( )

f) From your observation, what is your view on the competency of board members on attaining strategic goals?

i. Highly competent ( ) ii. Competent ( ) iii. Lowly competent ( )

iv. Incompetent v. Highly incompetent

g) Have you ever in any way involved in the decisions made by board towards attainment of strategic goals?

Yes/No,how?.....

.....

.....

.....

h) What is your comment on the coordination between you (as a staff) and the board?.....

.....

.....

i) What do you think are the challenges faced by board members in performing their roles towards attaining strategic goals?

- i. ....
- ii. ....
- iii. ....
- iv. ....

j) What do you consider to be the most success related to attainment of strategic goals by the board?

- i. ....
- ii. ....
- iii. ....

k) What advice would you provide to the Board that may improve their performance in attaining strategic goals?

- i. ....
- ii. ....
- iii. ....
- iv. ....

**Thank you very much for your participation**

**APPENDIX III:**

**QUESTIONNAIRE FOR STUDENTS' LOAN BENEFICIARIES (BACHELOR OF AGRICULTURAL ENGINEERING-THIRD YEAR STUDENTS AT SUA)**

Greetings. My name is **Winnifrida Madeba**, pursuing Master of Science in Human Resource Management at Mzumbe University. I am conducting a study on the role of board members towards attainment of strategic goals in public organizations in Tanzania particularly at HESLB-Headquarter in Dar es Salaam. I grateful request you to take part in this study. Your participation will be remembered forever for academic achievement of this study.

**Part I: Beneficiary Personal Particulars:**

- a) Age.....
- b) Gender.....
- c) Education level.....
- d) Status of your loan.....
- e) What do you think makes you qualify for the loan.....?

**Part II: Study Information:**

- a) What do you know about the board member?  
.....  
.....  
.....
- b) As a loan beneficiary from HESLB, do you think you are well represented in the board?
  - i. Agree ( ) ii. Disagree ( ) iii. No opinion ( )
- c) From your observation, what is your view on the competency of board members on attaining strategic goals?

- ii. Highly competent ( )    ii. Competent ( )    iii. Lowly competent ( )
- iv. Incompetent v. Highly incompetent

d) Does the board successful when it comes in attainment of its strategic goals?

Yes/No,how ?.....  
.....  
.....  
.....

e) What is your comment on the coordination between you (a loan beneficiary) and the board?.....

.....  
.....

f) What advice would you recommend to the Board for the sake of improving its performance in attaining strategic goals?

- i. ....
- ii. ....
- iii. ....
- iv. ....

**Thank you very much for your participation**

**INTERVIEW GUIDE FOR BOARD MEMBERS**

**Part I: Board Member Particulars:**

- a) Age.....
- b) Gender.....
- c) Education level.....
- d) Position in the Board.....
- e) Since when have you been working as a board member at HESLB.....?

**Part II: Legal and policy framework for Board and Board members:**

- a) How did you become a board member?
- b) Who appoints you to be a board member?
- c) To whom are you accountable to as a board member?
- d) What is the duration of your term in the office? Is it compatible with attainment of strategic goals?
- e) What do you represent in the board? And why is it important to do so?

**Part III: Methods, procedures and techniques used by Board members to attain strategic goals:**

- a) How many board meetings are there annually?
- b) What do those board meetings intend to achieve?
- c) What important decisions are made by those board meetings?
- d) Do those decisions significantly contribute to attainment of strategic goals? How?
- e) Does the board has committees? How many committees are there?
- f) What these committees are? How do they work?
- g) Are the decisions made by those committees significantly contributing to attainment of strategic goals? How?

- h) What is your comment on the coordination between you (as a board member) and staff and loan beneficiaries?

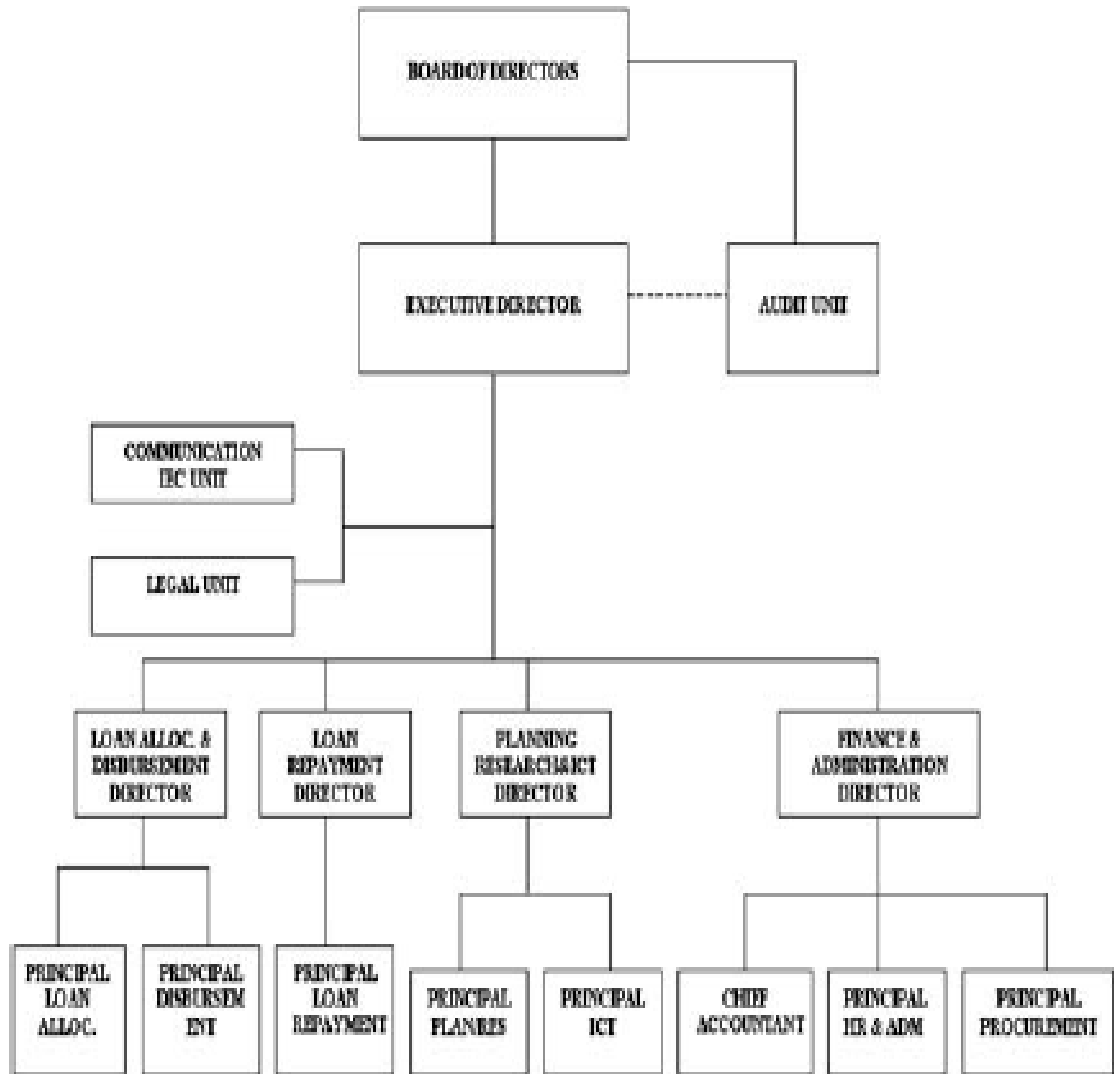
**Part IV: Challenges and success related to Board members in performance of their roles:**

- a) Based on your experience, what do you consider to be the main challenges related to performance of your duties?
- b) What do you think are the notable success/achievements related to performance of your duties?

**Part V: Conclusion and way forward:**

- a) What are your plans on improving the performance of your duties in the board?
- b) What advice would you provide to the government that may improve the performance of board members in achieving the strategic goals?
- c) Is there anything you would like to add, regarding the attainment of strategic goals and work performance of board members?

**Organogram of Higher Education Students Loans Board**



Source: HESLB, Strategic Plan (2014/15-2016/17)