

**BOARD ROLES AND PERFORMANCE OF NATIONAL WATER AND SEWERAGE  
CORPORATION (NWSC) IN UGANDA**

**By**

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**AUGUST 2016**

**DECLARATION**

I, JOVIANNE BARBARA MUGOBYA, declare that the work herein is presented in its original form and has not been presented to any other university or institution for any academic award whatsoever.

Sign.....

Date.....

**APPROVAL**

This is to certify that this work has been done under my supervision and submitted with my approval.

Signature: .....

**Professor Benon C. Basheka (PhD, FCIPS)**

Date: .....

## **DEDICATION**

To the Almighty God, and to my beloved parents, Mr. John K. Wakida and Mrs. Dolorence

Wakida

## **ACKNOWLEDGEMENTS**

I give thanks to the Lord for He is good and His love endures forever, the fear of the Lord is the beginning of Knowledge, for the Lord gives Wisdom and from His mouth come Knowledge and Understanding.

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## **LIST OF ABBREVIATIONS**

ACCA	: Association of Chartered Certified Accountants
BOD	: Board of Directors
CEO	: Chief Executive Officer
CMA	: Capital Markets Authority
FRC	: Financial Reporting Council
ICGN	: International Corporate Governance Network
ICGU	: Institute of Corporate Governance of Uganda
IREC	: International Resource Centre
NED	: Non- Executive Directors
NWSC	: National Water and Sewerage Corporation
OECD	: Economic Cooperation and Development
SOEs	: State Owned Enterprises
SPSS	: Scientific Package for Social Sciences

## ABSTRACT

The study examined the relationship between Board roles and performance of NWSC in Uganda. The objectives of the study were: to establish the relationship between the monitoring role of the Board and performance of NWSC; to analyse how the service role of the Board influences performance of NWSC; and to examine how the strategic role of the Board influences performance of NWSC. A descriptive survey research design was adopted using both quantitative and qualitative methods. The study employed self-administered questionnaires and interview guides to collect data. The study targeted 108 respondents to fill in the questionnaires but 100 questionnaires were returned, indicating a response rate of 92%. The study applied both random and non-random sampling techniques to collect data. The analysis of data involved determination of frequencies, percentages and inferential statistics such as correlations coefficient and regression analysis. Findings revealed a positive significant relationship between the monitoring role of the Board and performance of NWSC ( $r=0.350$ ,  $sig=0.000$ ), a significant positive relationship between the service role of the Board and performance of NWSC ( $r=0.350$ ,  $sig=0.000$ ), and a significant positive relationship between the strategic role of the Board and performance of NWSC ( $r= 0.449$ ,  $sig=0.000$ ). The study concluded that when the Board undertakes its roles, performance of NWSC enhances. Considering that NWSC is rapidly expanding, the Board is required to undertake its roles exhaustively and proficiently. Therefore, this study recommends that Government of Uganda (GOU), as a shareholder of NWSC, and the management of NWSC devise novel means of motivating the Board members to unceasingly commit to enhancing performance of the corporation.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

This study examined the relationship between Board roles and performance of the National Water and Sewerage Corporation (NWSC) in Uganda. Board roles in this study was conceived as the Independent Variable (ID), while organizational performance was the Dependent Variable (DV). The Board roles were measured in form of monitoring, service, and strategic role of the Board, while performance of NWSC was measured in form of quality, productivity and efficiency. This introductory chapter discusses the background to the study, statement of the problem, purpose of the study, objectives of the study, the research questions, the hypotheses, scope of the study, significance of the study, justification of the study, and operational definitions.

### **1.2 Background to the study**

#### **1.2.1 Global context**

Governance has become an issue for all bodies corporate, commercial, not-for-profit and public sector organizations (Souster, 2012:2). Godfrey (2002), as cited in Miring and Muoria (2011:37), contend that, the proper governance of companies will become as crucial to the world economy as the proper governance of countries. Khoza and Adam (2005), as cited in Chata (2010:5), assert that good governance is not just about being simply politically correct as today's public enterprises seem to be going about their business, Good governance is rather inextricably linked to the performance of a company in terms of profit, expansion and employability. They further

affirm that not only does good governance enhance corporate performance; it reassures stakeholders that the company is being well run. Mwanzia and Wong (2011:15) further argue that organizations must be well governed in order to achieve their objectives. To supplement the above arguments, Cornforth and Chambers (2010:1) further explained the term “Governance” when they affirmed that the language used to refer to those that act as governors varies widely across the public sector; for example, council, governing body and Board. This view is supported by Pearce and Zahra (1992), as cited in Heuvel, Gils and Voordeckers, (2005:1), who contend that any achievement in a company whether private or public is not only attributed to management but also the Board which is the overall governing body.

Corporate Governance has now become an international topic. The Cadbury report defines Corporate Governance as the system by which companies are directed and controlled (Cadbury Report, 1992:5). This concise explanation clearly broadens what Corporate Governance implies and the precise roles that leaders in charge of an organization have to undertake in order to foster best practices. However for most companies, the leaders are the Board of Directors (BOD) who have the mandate to decide long-term strategies, putting into consideration the interests of shareholders and various stakeholders (Souster, 2012:1). An efficient, effective and accountable Board is not only essential to every company but is now demanded by the Code of Corporate Governance in almost all civilized jurisdictions of the world (Kunle, 2013:21). In support of Kunle’s view, Renée, Hermalin and Weisbach (2010:96) argued that because of corporations’ enormous share of economic activity in modern economies, the cost of their agency problems is extremely important. One could say that the principal/agent problem between managers and shareholders is most effectively resolved by shifting decision-making out of the hands of the agent (managers) and back into the hands of the principal (shareholders) through the Board.

Therefore, appreciating the role of Boards is vital both for understanding corporate behaviour and setting of policy to regulate corporate activities that may positively impact on organizational performance. Hough (2009:1) appends the above argument when he contends that the occurrence of various corporate scandals like Enron, WorldCom and Maxwell Communications demonstrated that the issue of Board understanding of, and influence on performance of organizations they govern is a matter of great importance. He further noted that after the occurrence of these corporate scandals, the common refrain among commentators was: 'Where was the Board in all this?', 'How could the directors not have known what was going on?' and 'Why didn't the Board intervene?' Due to these repeatedly asked questions, the world was compelled to acknowledge the profound impact of Corporate Governance and the Board in an economy.

In support of the above, Solomon and Solomon (2004:45-56) observed that the UK advanced to Corporate Governance practices by publishing various Corporate Governance reports such as; the Cadbury Report (1992), Green-bury Report (1995), Hampel Report (1996), Turnbull Report (1999), Higgs Report(2003) and Smith Report (2003) that recommended best Corporate Governance practices to enhance company performance and shareholder satisfaction. It was observed that these reports were combined to form the UK governance code known as the combined code (2003) that acts as a guide to the governance of an organization. In addition, Kunle (2013:27) argues that the UK Code 2012 guides on the role of the Board as it provides that: "Every company should be headed by an effective Board which is collectively responsible for the long-term success of the company.

The US also responded to Corporate Governance challenges by establishing the Sarbanes-Oxley Act (SOA) 2002 that set new requirements for all public company boards, management, and public accounting firms. Boards have clearly been put in the spotlight as the Act provides for the accountability of company executives and members of the Board when undertaking their roles (Jahmani and Dowling, 2008:34). In agreement with this development, Deloitte (2015) noted that Boards in the US are presently showing signs of a strong recovery and are tasked to clearly communicate to organizations' key stakeholders; from shareholders who want more transparent disclosures to stakeholders who want assurance that the organization shares their values and is a good corporate citizen.

The need to promote Corporate Governance did not only remain a reserve for the countries affected. International bodies such as the International Corporate Governance Network (ICGN) and Organization for Economic Cooperation and Development (OECD) were also forced to intervene. For example; the ICGN developed guidelines for Corporate Governance making mention of the responsibilities of Boards (ICGN, 2005: 6-9). The OECD as well developed guidelines that urge the Board to effectively monitor and guide company strategies while observing accountability to both shareholders and stakeholders (OECD, 2015:54-58).

Finally, on the global view, Watson (2004), as cited in Chata (2010:87), affirms that the Board is usually undermined in the eyes of some. For example; the public sector in most jurisdictions in Canada and throughout the Commonwealth has no systematic process for recruiting directors to public corporations. It has been observed that appointment procedures of BODs have affected the judgment in decision-making and organizational performance at large since they are usually

made or recommended by ministers on an ad hoc basis depending on the minister's understanding of the role of directors.

### **1.2.2 African context**

Miring and Muoria (2011:37) argue that, as early as 1970s, many governments in Africa had recognized the fact that state corporations were performing poorly. That poor State Corporations' performance was associated with labour rigidities in the market, increased fiscal and foreign debt, and inflation problems which led to state corporations' unreliability in providing services, failure to meet demand, and failure to meet ever-rising technology expectations. In support of this view, Strenger et al (2012:22-31) note that most African countries are still finding Corporate Governance and Board management something marred with conflicts of interest and mismanagement. They noted that 35 per cent of companies in Africa collapse because of the inefficiency, negligence by Board members, and deficiency in political and managerial autonomy. It has been observed that mismanagement, bureaucracy, wastage, pilferage, incompetence, and irresponsibility by directors and employees, are the main problems that make state corporations fail to achieve their objectives.

Tumuheki (2007:6) contends that corporate governance is now becoming of particular concern in many African economies that greatly rely on the infusion of international investor capital and foreign aid for economic stability and growth. In support of the above view, Patrick (2014:3) asserts that developing countries are increasingly embracing the concept of corporate governance knowing that it leads to sustainable economic growth. For example, the Board's role and its performance had long been neglected in Nigeria, It was not until November 2003 when a Code of Corporate Governance in Nigeria was developed to spell out a set of recommendations on

how to promote Board efficiency, independence and corporate governance and in April 2011, the Securities and Exchange Commission (SEC) reviewed and issued a revised version of the code that clearly states that, “the primary responsibility for ensuring good Corporate Governance in companies lies with the Board”. The current statutory intervention in Nigeria is presently placing a much stricter burden on the Non-Executive Directors (NED) to ensure that they delegate duties and attend meetings in order to effectively and efficiently monitor the activities of the executive (Kunle, 2013:25-29).

The situation in South Africa is closely related to that of Nigeria where corporate governance was institutionalized by the publication of the King Report on Corporate Governance which provides specific guidelines for corporate governance (Nevondwe, Odeku and Tshoose: 263-264). Presently, the King Report III and the code apply to all incorporated entities regardless of whether they are public, private or nonprofit to place vast emphasis on the structure, role and effectiveness of a Board in the governance of an organization. It further describes the Board as the focal point of Corporate Governance systems which is ultimately responsible for; appointment of the Chief Executive Officer (CEO), implementation of company strategies, delegation of authority to Board committees or management, ensuring compliance with all relevant laws, and prompt communication with its share owners and relevant stakeholders (Institute of Directors Southern Africa [IoDSA], 2009: 19-24).

In spite of these developments, Mudunga (2014: 4) affirms that state-owned corporations in Africa continue to have tremendous governance problems, most especially in cases where executive appointments as well as board membership are resolved using criteria based on political loyalty over competence or - even worse – integrity. He further argues that in many

African states such as Uganda, DR Congo and Zimbabwe, the electoral processes are often skewed and managed by commissions appointed and heavily controlled by the incumbent which stifles the space for alternative expression through effective political opposition, hence ruling out the opportunity for accountability at the top.

### **1.2.3 Ugandan Context**

We cannot deny the fact that in 1962, Uganda was one of Africa's most economically promising countries based on the continued investment in rehabilitation of infrastructure and improved incentives for food production. Such performance gave the government an impression that the country's affairs would immensely improve and therefore it continued to facilitate foreign investment with attractive incentives streamlining import and export procedures (Tumuheki, 2007:8).

Between 1971 and mid-1980s, the economy fell into a crisis under the strain of nationalization of industries which destroyed the opportunity of creating an environment for checks and balances especially in State-Owned Enterprises (SOEs) that were tasked with the performance of a dual role as regulators and business entities such as: the former Uganda Posts and Telecommunications Corporation (UPTC), Uganda Electricity Board, Uganda Foods and Beverages, Dairy Corporation and the Uganda Coffee Marketing Board (ICGU, 2008: 28). Appointments to Board positions in some of these organizations had political dimensions which then affected the effectiveness of the Board in undertaking its roles. It was further noted that some Board members had almost personalized their positions to the extent that they could even withdraw money from the company at will. According to R. Rutaagi (personal communication, June 18, 2016), they demanded for products/services as well as employment of unqualified relatives and political supporters.

A case in point was NWSC which became operational as the first national water utility in the wake of the 1973 instability and economic hardships that the country endured. The Government appointed a new Board of Directors to run the corporation, but as earlier mentioned, the Board comprised permanent secretaries from different ministries. Such appointments implied that the corporation was not allowed to operate as an autonomous entity which frustrated its endeavours in attaining efficient delivery of services. Between 1981 and 1986, efforts to rehabilitate the corporation were made and a new Chief Executive Officer was appointed to spearhead these efforts. In 1995, Parliament passed the NWSC statute that granted the corporation institutional autonomy to provide water and sewerage services under its jurisdiction on a commercial basis. With this law in place, the BOD was changed from a Board that had entirely been made up of government officials to professionals. Despite the efforts to restore the corporation between 1986 and 1998, NWSC fell short of meeting its expectations (Muhairwe, 2010:1-14).

In search of internal reforms, there was an introduction of change management programmes that resulted into non-interference of the government with the corporation's management and its BOD that was required to support management in creating strategies for a more desirable performance (Mugisha and Berg 2006:5). In 1998, the government appointed a new BOD to spearhead these reforms in NWSC; an appointment that came with freedom to execute their roles without interference. In addition, the Board was given the mandate to appoint a new CEO. This enabled NWSC to improve on its performance over the years as illustrated in Table 1.

**Table 1: Performance of NWSC between 1998 and 2011**

No	Performance Indicator	1998	2011
1	Service coverage	48%	75%
2	Total connection	50,826	272,406
3	New Connections per year	3,317	25,623
4	Metered Connections	37,217	271,734
5	Staff per 1000 Connections	36	6
6	Collection Efficiency	60%	96%
7	NRW	60%	32.8%
8	Proportion Metered Accounts	65%	99.8 %
9	Annual Turnover (million USD)	11	50
10	Profit (Before. Dep) (Millions USD)	4.0 (loss)	11.0 (Surplus

*Adopted from a presentation made by Muhairwe, 2011:15*

NWSC has made immense strides from being a highly inefficient body to a respectable, financially sustainable and efficient service provider. It has also been reported to have successfully met the increasing demands for water and sewerage services due to increased urbanization and geographical mandate. NWSC is presently governed by effective, hardworking, committed and passionate leaders who are said to have a good mix of skills that enable it to exercise its mandate (Matta and Murphy, 2005:1-4). As Jesus Moran, the CEO of World Confederation of Businesses presented the world's most important business excellence award to the corporation, he congratulated it for consistently going above and beyond in its compliance with the evaluation criteria for business excellence such as: business leadership, quality of

service, management systems, innovation and creativity and Corporate Social Responsibility (CSR) achievements (Aine, 2015).

Kyepa (2013:1-3) argues that although it has been observed that the Public Sector in poor countries is almost written off as inefficient, resistant to reform, and prone to wasting precious resources, Uganda's public sector organizations have tried to adapt to the private sector management styles and these attempts have resulted in improved governance capacity in public sector performance especially in the water sector.

### **1.3 Statement of the problem**

World over, governance is critical for all public and private organizations. It has been observed that proper governance of companies is as crucial to the global economy as that of countries. The rapid pace of globalization therefore dictates that fundamental changes be made by both firms and governments. Hence, developing countries are increasingly embracing the concept of corporate governance as it leads to sustainable economic growth. Strenger et al (2012:22-31) note that 35 per cent of companies in Africa collapse because of inefficiency and negligence by Board members, implying that the primary responsibility for ensuring good Corporate Governance in companies lies with the Board (Kunle, 2013:25-29). The Board is a body mandated to ensure good governance by establishing efficient and effective systems and processes which oversee management to enable it to effectively discharge its duties.

Similarly, corporations in Uganda can no longer shield themselves from the global and regional movement that is shaping standard principles of Corporate Governance (Tumuheki, 2007). In the 1960s, Uganda was one of Africa's most economically promising countries. However between

1971 and mid-1980s, the economy fell into a crisis as appointments to Board positions in most parastatals had political, religious and ethnic dimensions which affected effectiveness of the Board in undertaking its roles. NWSC was no exception to this crisis as government appointed a BOD which comprised permanent secretaries from different ministries. This constrained the Board's ability to operate independently, further frustrating its endeavours in undertaking its mandate and thus affecting performance of the Corporation. The NWSC Act cap 317, from where the Board derives, its mandate clearly highlights the roles of the Board. What is not clear is how the different roles of the Board influence Performance of NWSC as it is observed that boards are occasionally undermined by stakeholders who often wonder whether they matter as their impact seems negligible.

#### **1.4 Purpose of the study**

The purpose of the study was to examine the relationship between Board roles and performance of NWSC in Uganda.

#### **1.5 Objectives of the study**

The objectives of the study were:

- i. To establish the relationship between the monitoring role of the Board and performance of NWSC;
- ii. To analyse how the service role of the Board influences performance of NWSC;
- iii. To examine how the strategic role of the Board influences performance of NWSC.

## **1.6 Research Questions**

The study sought to address the following research questions:

- i. What is the relationship between the monitoring role of the Board and performance of NWSC?
- ii. How does the service role of the Board influence performance of NWSC?
- iii. How does the strategic role of the Board influence performance of NWSC?

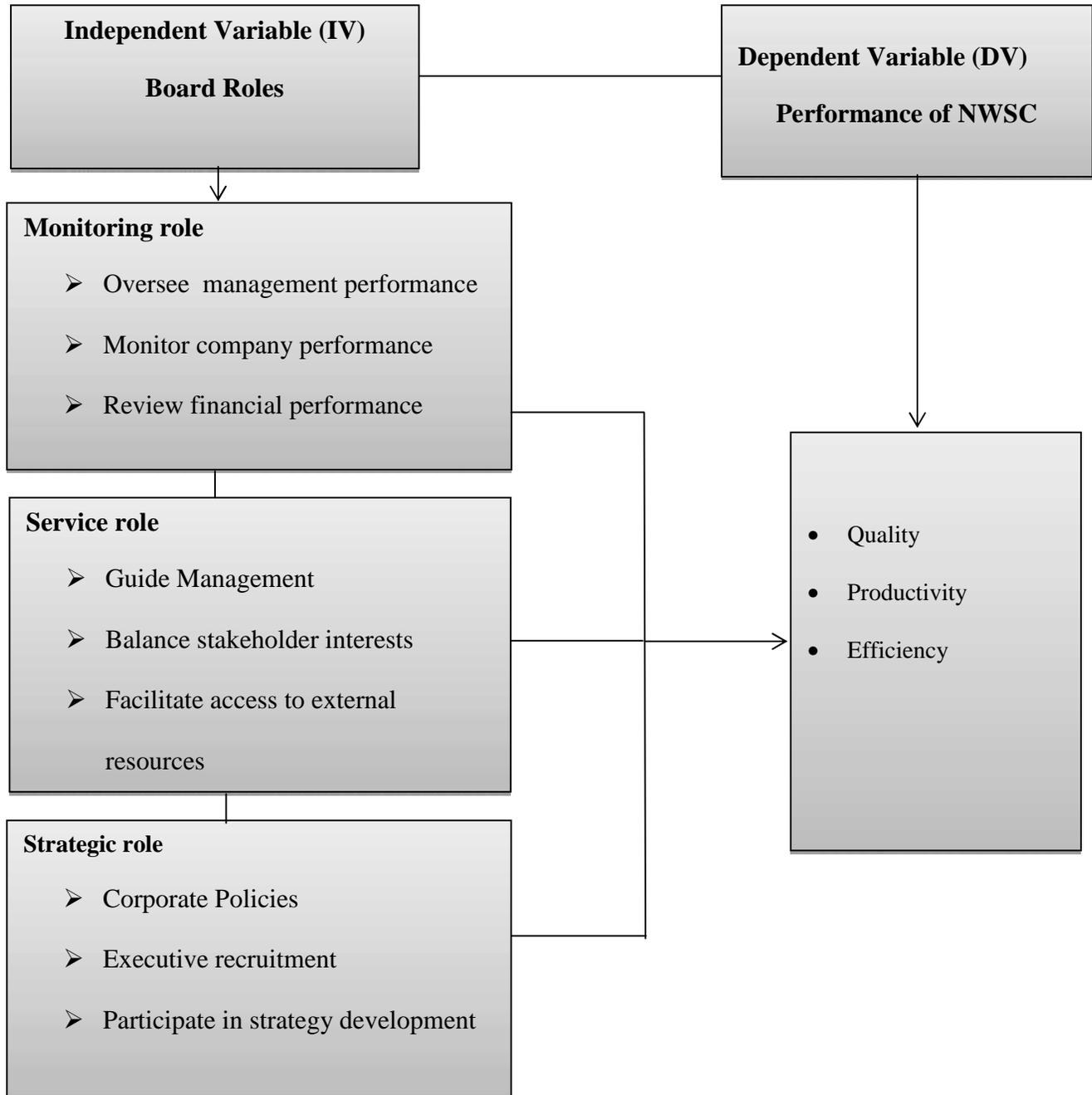
## **1.7 Hypotheses of the study**

The study intended to test the following hypotheses:

- i. There is no significant relationship between the monitoring role of the Board and performance of NWSC.
- ii. The service role of the Board does not influence performance of NWSC.
- iii. The strategic role of the Board does not influence performance of NWSC.

## 1.8: Conceptual Framework

The conceptual framework explained the relationship between the dependent and independent variable.



*Adapted from Yang, Xue and Yurtoglu (2007); Babi , Nikoli and Eric (2011) and modified by  
the researcher*

The Board influences corporate performance when it performs not one role but a series of roles required of it (Nicholson and Kiel, 2004:4). The conceptual framework reflected Board roles as the independent variable (ID) and performance of NWSC as the dependent variable (DV). This, however, depicted that performance of NWSC is dependent on how well the Board undertook its roles. In order to determine this relationship, there was need to clearly understand the different Board activities undertaken to fulfil these roles which in turn influence performance of the corporation.

In this study, the Independent Variable (IV) was measured in form of monitoring role, service role and strategic role, while the Dependent Variable (DV) was measured in form of quality, productivity and efficiency.

### **1.9 Significance of the study**

Uganda is currently facing a problem of poor Corporate Governance practices in both public and private organizations. Although a number of efforts have been made to ensure that both private and public organizations clearly understand the significance of Corporate Governance in effectively running an organization, there is still a gap. Therefore, this study was considered beneficial not only to shareholders and stakeholders of NWSC, but also other organizations. The researcher also believed that this study would in particular assist the Board of NWSC in devising ways to improve so as to attain exceptional performance of the corporation. In addition, the study was also directed at making a contribution to existing literature by uncovering that which previous researchers may have left out in regard to the Board's contribution to the firm's

performance and, hopefully, guide future researchers. Finally, the study was a requirement for the award of a Masters in Public Administration and Management (MPAM).

### **1.10 Justification of the study**

Since its inception, NWSC has been governed by a Board that is appointed by the Ministry of Water and Environment (MWE). The researcher wished to examine the profound contribution that this body has made on the current performance of the organization through exercising various activities that enable it to fulfil its monitoring, service and strategic roles. However, considering the rate at which NWSC is expanding geographically, there was need to inform the appointing authorities and management to devise means of amply and volitionally supporting this body in undertaking its roles in order to attain exceptional performance of the corporation.

### **1.11 Scope of the study**

#### **1.11.1 Content Scope**

This study sought to examine the relationship between Board roles and performance of NWSC. The Board roles included the monitoring, service and strategic roles. Each of the three roles had indicators which the study examined in detail. Under the monitoring role, the indicators that the study examined were: overseeing management, monitoring corporation's performance, and reviewing the financial performance. Under the service role, the indicators that the study examined were: guiding management, balancing stakeholder's interests, and facilitating access to resources. Under the strategic role, the indicators that the study examined were: corporate policies, participating in executive recruitment, and participating in strategic development. In order to critically analyse these indicators, the study developed activities that were relevant to

each indicator. These activities formed the basis on which each of the Board roles influenced the performance of NWSC.

### **1.11.2 Geographical Scope**

The study was carried out at NWSC headquarters that is situated in Kampala City on Jinja Road and with an International Resources Centre at Bugoloobi. NWSC is a government parastatal that was established under Decree No.34 of February 1972 and currently operates in 170 towns.

### **1.11.3 Time Scope**

There are two outstanding recorded milestones in the history of the performance and service coverage of NWSC. The first milestone took place between 1998 and 2011 when NWSC is reported to have registered an overwhelmingly improved performance. The second milestone was between 2012 and 2016 when NWSC made a significant improvement in service coverage and infrastructure development. This study considered the period between 2012 and 2016 being a more recent period. The entire process of this research took one year, including the development of the proposal which lasted between July 2015 and February 2016, the data collection which lasted between March 2016 and May 2016, analysis of the data collected and report writing which lasted between June 2016 and July 2016.

### **1.12 Operational Definitions**

In this study, the following terms are defined as highlighted:

**Corporate Governance:** This is the system by which companies are directed and controlled for sustainable development.

**Performance:** This is the measurement of a given assignment basing on the key indicators set by the company's management.

**Board of directors:** A group of people elected by the different shareholders to supervise management of a firm and assess the overall direction of the company through developing policies and setting up a clear vision, mission and achievable objectives.

**Efficiency:** Proper utilization of the available resources so as to achieve the desired outcome.

**Effectiveness:** This basically means achieving the expected outcome out of the set objectives.

**Stakeholders:** These are the affected parties such as the employees, the community.

**Shareholders:** These are a group of individuals who invest their resources into the company and expect a valuable return from the organization.

**Chief Executive Officer (CEO):** An officer who is the overall in charge of management and is employed by the Board.

**Non-Executive /Independent Director:** A director who is not an employee of the organization and does not have any relationship with the company.

**Parastatal:** This is a company or agency owned and wholly or partly controlled by the Government.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents the theories that guided the study, a review of literature that is presented thematically in relation to the objectives of the study and a synthesis of the literature review.

#### **2.2 Theoretical review**

The study was guided by the stakeholder, stewardship, resource dependency, and agency theories that clearly explain the Board's role in performance of an organization.

**The stakeholder theory** depicts shareholders as one of a number of important stakeholder groups. This therefore requires a firm and its management to adequately conform to the interests of different stakeholders namely: customers, suppliers, managers, employees, and local communities (Heath and Norman, 2004:247-248). Each of these stakeholder groups greatly contributes to the organization and therefore expects the organization to expeditiously satisfy their interests; managers and employees provide the firm with time and skills and human capital commitments. In exchange, they expect fair income and adequate working conditions. Customers supply the organization with revenues and expect value for money in exchange. Suppliers provide the firm with inputs and seek fair prices and dependable buyers in exchange; while local communities provide the firm with location, local infrastructure and perhaps favourable tax treatment and in exchange expect corporate citizens who enhance and /or do not damage the quality of life (Hill and Jones, 1992:133).

The researcher uses this theory to guide the study as NWSC is a government parastatal that is expected to foster trust and open communication among its different stakeholder which is considered a good public relations practice essential for its profitable growth and sustainability. Thus the NWSC Board is required to ensure that management does not only serve shareholders' interests but also those of other stakeholders that contribute to the existence and sustainability of the firm.

On the other hand, **the stewardship theory** shows trust between managers and owners which therefore implies that the interests of both managers and Board members are not necessarily in conflict (Pugliese et al., 2009 as cited in Babi et al, 2011:143). The theory regards managers as good stewards in the corporation's best interests and primarily demands that the board supports and assists managers in achieving the company's goals, mission and objectives but not to control them.

The above theory is intended to guide the study because NWSC has over the years attained exceptional performance under the stewardship of a CEO who is required to efficaciously design the organizational structure and strategies with the Board's guidance.

Conversely, the **Agency-Principal theory** focuses on the question: "How can shareholders (principal) ensure that managers (agent) pursue their interests?" (Allen and Dale, 2000:23). The agency-principal relationship is viewed as a contract under which one party (principal/shareholder) engages another party (agent/manager) to selflessly perform a service on their behalf (Jensen and Meckling, 1976:5). This theory therefore views the Board as an internal mechanism that bears the necessary expertise, ability and incentives to fully and effectively

monitor the agent's (management) activities to precisely ensure that they behave in a satisfactory manner (Irge, Abdülkadir and Selim, 2011:125).

This theory makes mention of the Board's monitoring role which is precisely why it is intended to guide the current study.

**Resource dependency theory** will also guide this study as it clearly emphasizes the need for acquisition of resources required by organizations. It is however believed that these resources can be acquired through a network of contacts, and that the efficiency and effectiveness in bridging network gaps will determine the quality of corporate performance. This theory depicts organizational success as the ability to maximize power by accessing scarce and essential resources. Therefore, the board can assist organizations in gaining access to important resources that might otherwise be beyond their reach and are also said to secure necessary resources such as: knowledge, capital, and venture partnering (Pfeffer, 1972 as cited in Van Ness, Miesing and Kang: 2009:3).

### **2.3 Monitoring role of the Board and performance**

The Cadbury report defines Corporate Governance as the system by which companies are directed and controlled (Cadbury Report, 1992:5). This definition evidently explains the structures and mechanisms put in place to monitor management activities and prevent improper or unlawful behaviour (Meredith and Clough, 2005:1-4). It is for this very reason that the frequent occurrence of Corporate Governance scandals between 2000 and 2002 in the U.S caused people to question the Boards' monitoring role (Yang, Xue and Yurtoglu, 2007:1). The monitoring role is developed by the agency theorists who argue that Boards are put in place to

effectively supervise management activities on behalf of shareholders in order to foreclose the agency costs that would hinder good firm performance (Hillman and Dalziel, 2003:383).

This was supplemented by (Scholl, 1995:1) who affirmed that monitoring is the Board's chief tool for checking both management and performance of the organization. Chin and Soo (2000:13-14) affirm that when boards monitor agents, they ensure that CEOs and managers act in the best interest of the firm; and when these managers and the CEO prove to be trustworthy, boards will definitely delegate duties to them while reviewing their performance based on the delegated authority. It has however been noted that the monitoring role is not just about monitoring management but also includes activities such as; monitoring of any shareholder presumed to have an incentive to pursue private benefits, reviewing the effectiveness of internal risk management systems and regularly evaluating the Board and its directors (Berghe and Baelden, 2005:689). Similarly, Natilson (2001:1-5) stated that a good board member must ask relevant and timely questions-including financial questions which essentially implied that among the many responsibilities of a board of directors is monitoring performance, board members must be capable of monitoring financial performance. She argues that financial performance monitoring is only part of an overall performance monitoring system.

In supplement of the above, Nicholson and Kiel, (2004:6-7) affirm that a Board will effectively execute the monitoring role only in the existence of an Independent Non-Executive Director (NED). Lawal (2012:24-25) contends that the independent outside directors will definitely execute the monitoring role as it brings to bear the much-needed neutrality and objectivity in Board affairs which the insider-dominated Board may overlook; hence providing incompatible monitoring activities for itself.

In support of the above view, Renée et al (2010:97-99) undertook a survey of literature on boards which mainly focused on two questions most asked about them: what determines their makeup? and what determines their actions? They believed that corporate governance is the role of the BODs and that its makeup ultimately affects their actions which in turn influence their desire to do what they do. It was found that the empirical analysis clearly points to a link between composition of the Board and its monitoring function.

In a similar review of more than 160 empirical studies in the US and Canada, Yiching Lai (2014) posed a question: “are independent directors effective corporate monitors?” the empirical evidence depicted that Boards with the majority as independent directors, in some circumstances, enhance firm performance and effectively fulfil certain monitoring tasks in the United States, but has not been shown to be related to improved firm performance in Canada. Although research to date suggests that independent directors in the United States perform better than those in Canada, it was noted that they seem not to play the kind of effective role as corporate monitors that North American laws, policy and courts rely on to perform. Nevertheless, it was concluded that the effectiveness of independent directors in management monitoring/oversight varies with the types of their tasks, differs from firm to firm, and depends on the characteristics of independent directors, the firm’s governance environment, as well as the success of other governance mechanisms. The empirical evidence generally depicted that independent directors in North America are not as effective in monitoring management as conventional wisdom dictates.

From a regional perspective, Miring and Muoria (2011:36-38) conducted a study to examine how Corporate Governance affects performance in Commercial State Corporations (CSC) in Kenya. It was noted that the primary role of the Board was to monitor management and influence firm performance on behalf of shareholders. They argued that Board attributes such as; Board

composition and Board size had a positive impact on its monitoring role. The findings indicated that most CSC Boards that were reported to perform well had more than a third of their board composition as Non-Executive Directors (NED) who were noted to have freely and courageously exercised their monitoring role, consequently resulting in the betterment of firm performance.

Tumusiime (2015:1-2) argues that weak Corporate Governance in Uganda can possibly be rectified when Boards clearly understand their oversight/monitoring role. Similarly, the ICGU has time and again urged Boards to monitor the progress of the company in implementing the strategy, structures, plans, and policies and at the same time monitor the performance of the company's executive management in order to enhance organizational performance while ensuring that the management of the company is of the right calibre (ICGU, 2008:34). The Education Act, 2008 as well places the Governing Board at the centre stage of an organization and is therefore expected to monitor managerial performance.

Mugisha (2006:4) conducted a study on performance assessment and monitoring of water infrastructure in developing countries but focused the study on NWSC in Uganda. This followed the notion: "if you cannot watch it, forget it!" He argues that a credible monitoring and evaluation mechanism puts pressure on the operating utility to improve performance. He further argues that the utility must be aware that its performance is being watched and something will be done about it. Therefore, the utility must know that a "bite" will strike in case of non-compliance and a "carrot" will appear in cases of target achievement. It was found that the performance improvement programmes in NWSC demonstrated that public organizations can deliver adequate performance if well managed and monitored. However, he credited the Board for participating in the initiatives to improve NWSC's performance.

## **2.4 Service role of the Board and performance**

Youssef (2007:2) argues that Corporate Governance is the process carried out by the Board and its related committees, on behalf of and for the benefit of the company's shareholders and the other stakeholders, to provide direction, authority, oversight to management, and to provide a balance between management benefits, shareholders' benefits and those of other stakeholders'. In agreement to the above, Bader (2008:3) affirms that the governing body has a fiduciary responsibility to see that the organization is acting in the best interests of the public, and more specifically the "stakeholders" who are served by the organization's mission. According to IFC (2014), as cited by Mundunga (2014:2), good corporate governance does not merely involve enhancing the performance of companies and increasing their access to outside capital but also balancing the interests of the many stakeholders in a company, such as shareholders, management, customers, suppliers, financiers, government and the community, who fundamentally contribute to sustainable economic development of the organization.

The service role of the Board stems from a resource dependence view which suggests that a Board's provision of resources is directly related to firm performance because "when an organization appoints an individual to a Board, it expects the individual will come to support the organization; will concern himself with its problems; will variably present it to others and will try to aid it" (Hillman and Dalziel, 2003: 385-386). Therefore, an organization evidently hopes that the Board will facilitate the generation of important external resources critical to its survival (Babi et al, 2011:143). Gkliatis (2009:3-6) asserts that the activities of the board related to the provision of resources are: providing legitimacy/bolstering the public image of the firm; providing expertise; administering advice and counsel to management; linking the firm to

important stakeholders or other important entities; facilitating access to resources such as capital; building external relations; diffusing innovation and Board capital which consists of human capital (experience, expertise, reputation).

From a global perspective, a study was conducted in Belgium to identify which of the two Board roles; service and control was perceived as more important in firm performance. The findings indicated that small and medium family firm CEOs perceived the service role as more important than the control role because their Boards were observed to be an intellectual and reputational resource, generating important external resources through networking and maintaining relations as well as providing advice to management when needed (Heuvel et al, 2005:1-17).

In another study conducted to examine Board roles, independence and their impacts on firms' performance in Nigeria, it was found that a Board which consists of a significant proportion of independent directors is healthy and more likely to exercise its service role because of their enormous access to external information and resources which would not be the case for internal directors (Tela, Ahmadu and Monguno, 2015:1-5). In supplement of the above, Ogbechie (2012:65) affirms that the service role of the BOD is seen as one of its main functions which consists of providing the CEO and his top management team with expert counsel and access to information and resources. To effectively carry out its service role, he goes on to urge boards to be privy to the firm's affairs and to have access to regular, timely, and quality information about its dealings.

From the Ugandan perspective, Katera (2003) conducted a study on the relationship between transparency, accountability, fairness and firm performance. He noted that the roles of the Board included: establishing a vision, mission and values; setting strategy; monitoring management; exercising accountability to responsible shareholders and stakeholders; and providing advice and counsel to the CEO and the entire management team. He found that lack of sound Corporate Governance practices such as; transparency, accountability and fairness had partly led to organizational failures in the Ugandan economy. He therefore believes that the Board's contribution to firm performance can be obtained through exercising the above-mentioned roles while urging/advising management to observe transparency, accountability and fairness in their dealings.

## **2.5 Strategic role of the Board and performance**

Governance is not just about rules, regulations, accountability, structures and frameworks but also about institutional attitudes, leadership, values and behaviours (McGregor 2007 as cited in Nevondwe et al 2014:263). In any organization, good governance is ultimately about effective leadership that provides it with direction. Leadership is essentially making happen what would not happen anyway, working at the edge of what is acceptable, having a vision and current reality, identifying real strengths and weaknesses, and determining present capacity without relying on illusions (Mokoena, 2005:40-41). Therefore Boards and management of SOEs are required to exercise effective leadership by participating in the strategic decision making process, appointing the CEO, ensuring that an effective succession plan for all directors and key executives is in place, while observing full accountability procedures to the stakeholders (Nevondwe et al, 2014: 285-286).

In a qualitative study conducted in Italy, it was noted that US Boards of directors had been rather passive in the wake of corporate failures and more strategic involvement was necessary to restore public confidence and firm performance. The study revealed that contribution of Boards to strategy has rapidly developed and that an increase in directors' awareness of their strategic function was important for proficient firm performance. In addition, a call for an adequate Board composition, structure and well-organized internal process designed to allow all members of the Board to contribute to strategic decision-making in an organization was put forward which would consequently contribute to firm performance (Pugliese et al, 2009:292-300).

Isiaka (2012:32-40) also conducted a study in Nigeria to examine the management problems in parastatal organizations and why they were not performing as expected. He argued that parastatals are ultimately accountable to the government and general public through their BODs. In his study, it was discovered that one of the reasons for parastatal failure was that the Board was not given freedom to make strategic decisions for the organization. In other words, the Board was not viewed as the final authority in the parastatal; for example, once a Board agreed that a proposal was worth financing, it would have had to table the proposal for approval by government which limited its ability to undertake its strategic role in organizational performance. Isiaka thus suggests that in order to solve management problems that occur in parastatals and enhance organizational performance, it is necessary for the government to abide by the edicts and laws in giving full authority to the Board to undertake its strategic role.

In view of the above, Armeane (1998), as cited by Isiaka (2012:35), was right when he argued that one of the major reasons for poor performance of public enterprises in many developing countries was that the Board had no political and managerial autonomy to effectively contribute

to its strategic role. He further attributed the success of Ugandan parastatals to the Boards' freedom to make strategic decisions for these organizations.

## **2.6 Empirical studies**

Said, Hidayat and Atan (2015:460-466) conducted a study to assess accountability in Government Linked Companies (GLC) in Malaysia where corporate governance has become a topic of increasing interest due to its Enron-like scandals. They referred to GLCs as companies that have a commercial objective but are subject to direct control by the Malaysian government. They noted that accountability among the Board, management and shareholders ultimately affected firm performance. Going forward, it was affirmed that Board effectiveness, internal control practices and leadership quality had an impact on accountability. They further argue that in order to assess Board effectiveness, there is need to understand Board roles in form of monitoring management activities (control role), provide advice and links to external resources (service role) and set the overall corporate strategy (strategic role). They also argue that strong internal mechanisms would deter, detect and prevent fraud and corruption in these companies and that good leadership played an important role in making sure that the organization achieves its business objectives. The study intended to address three hypotheses, namely H<sub>1</sub>-there is a significant relationship between Board effectiveness and accountability; H<sub>2</sub>- there is a significant relationship between internal control mechanisms and accountability and; H<sub>3</sub>- there is a significant relationship between leadership qualities and accountability. With a sample of 102 GLCs, it was found that there was a significant relationship between Board effectiveness and accountability because the Board played an important role in conducting organizational activities and monitoring performance to effectively meet stakeholder needs. In addition, both internal control practices and leadership qualities had a significant relationship with accountability.

Although the study clearly takes into account the importance of Board roles in accountability which consequently affect firm performance, it puts its focus on three different aspects: Board effectiveness, internal control practices and leadership qualities. However, the findings of the study are biased to Malaysia, a developed economy and cannot therefore be extrapolated to fit into a developing country's narrative. Therefore, the current study hopes to undertake a more specific study to examine the relationship between Board roles such as: monitoring, service and strategic roles and performance of NWSC in Uganda.

From a regional perspective, Zvavahera and Ndoda (2014:2-6) conducted a study to evaluate the impact of corporate governance and unethical behaviour on organizational performance at the Zimbabwe Broadcasting Corporation (ZBC), a government parastatal said to ignore the Corporate Governance framework. It was noted that the Board had left its responsibility to top management. The findings indicated that bad corporate governance and unethical behaviour had crippled the parastatal and that ZBC had improper systems for checks and balances. It was detected that while top management was taking home hefty salaries, other employees had to go for months on end without salaries. It was noted, however, that in Zimbabwean parastatals, salaries for CEOs and senior management are proposed by the Board, which then recommends to the responsible Minister for approval. However, it was also noted that senior management salaries in some cases were awarded by the Board without the Minister's approval and were not performance-related. The study recommended a need to enhance good corporate governance practices, putting into consideration that Board members need to be appointed on merit in order to effectively exercise their roles in ensuring that management acts in the best interest of all stakeholders while observing ethical principles.

Though the study makes mention of the importance of the Board in the performance of parastatals, it falls short of specifying which Board roles need to be undertaken in order to effectively contribute to the performance of the parastatals. Therefore, the current study seeks to be more specific in zeroing in on the Board roles that would directly have an impact on performance of a parastatal in Uganda.

From a Ugandan perspective, Nkundabanyanga, Tauringana and Muhwezi (2012:2-21) conducted a study to examine the effect of Governing Boards on the performance of secondary schools. The study intended to examine whether Board role performance, finance committee role performance, Board size, frequency of board meetings and Board finance expertise have an effect on the perceived performance of the schools. They argued that the Board roles included the service role (giving school management advice and support), the strategic role (setting the strategic direction of the school), and the monitoring role (monitoring the performance of schools and management). The study was conducted to address five hypotheses, namely: H<sub>1</sub>-Board role performance has an influence on the performance of Ugandan secondary schools; H<sub>2</sub> -Finance committee role performance has a positive influence on the performance of Ugandan secondary schools; H<sub>3</sub>-Board size has an influence on the performance of Ugandan secondary schools; H<sub>4</sub>-Frequency of Board meetings has a positive influence on the performance of Ugandan secondary schools; and H<sub>5</sub>-The proportion of finance experts on the governing board influences performance of Ugandan secondary schools. From a population of 3,645 secondary schools in Uganda, 841 were sampled out, but research was actually conducted in 271 -- 98 of which were in Kampala, 123 in Wakiso, and 50 in Mukono. The findings indicated that the relationship between Board role performance and schools' performance is the most significant which

suggested that the more boards fulfilled their roles, such as resource provision, service, monitoring and control, the better the performance of the school.

Clearly, evidenced by the hypothesis, the study tries to comprehensively analyse Board roles and attributes. It is worth noting that its sample size was too big to definitively give an indication of how Board role performance actually affects secondary school performance in Uganda.

## **2.7 Synthesis of the literature review and gap analysis**

According to the above scholarly reviews, the researcher contends that many authors have affirmed to the need for Corporate Governance in organizational performance. The above review of scholars across different environments depicts that Board roles have tended to be ambiguous across the world. However, while these scholars demonstrated a growing recognition of board involvement, it has been noted that only a few authors have attempted to examine the area of Board roles and performance particularly in government parastatals in Uganda. It is upon this background that the current researcher finds it necessary to examine the Board roles and performance at NWSC, an exemplary government parastatal, to fill the gaps in the current knowledge.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methodology that was applied to collect data and examine the research problem, namely the research design, study population, determination of the sample size, sampling techniques and procedures, data collection methods, data collection instruments, pre-testing (validity and reliability), procedures of data collection, data analysis, measurement of variables, and ethical considerations.

#### **3.2 Research design**

The study adopted a descriptive research design which required the researcher to seek respondents' opinions about the role of the Board in enhancing the performance of NWSC. Sekaran (2003:121) argues that descriptive studies are applied in order to ascertain and describe characteristics of the variables of interest.

The study also applied the mixed research approach to overcome the limitations of using a single design. Amin (2005:42-55) argues that "the qualitative research approach involves the promotion of a greater understanding of not just the way things are but also why they are the way they are while quantitative research approach involves the collection of numeric data in order to explain, predict and control the phenomenon of interest". The above argument justified the relevance of applying a mixed research design in this study in order to eliminate the limitations of using a single approach.

### 3.3 Study population

Burgess (2001:4) defines a population as simply all the members of a group of interest. The study was conducted at NWSC. The NWSC offices selected were: the Head Office that is located on Jinja road and the International Resource Centre (IREC) located in Bugoloobi. These study sites were selected because they are responsible for large-scale investments, asset management, operational support, performance monitoring, and research and development. Therefore, the study population comprised 134 respondents; (9) Board Members, (10) Top Managers, (85) Middle-level Managers and (30) officers.

### 3.4 Determination of sample size

Burgess (2001:4) defines a sample as a sub-set of the population that is usually chosen because access to all members of the population is prohibitive in terms of time, money and other resources. The sample size for this study was determined using the Krejcie and Morgan table as illustrated below:

**Table 2: Sampled research respondents**

No	Respondents	Population size( <i>N</i> )	Sample size( <i>S</i> )
1	Board Members	9	9
2	Top Managers	10	10
3	Middle-level Managers	85	70
4	Officers	30	28
<b>Total</b>		<b>134</b>	<b>117</b>

Key: *N* – Population Size, *S* – Recommended Sample Population (Krejcie and Morgan,1970) as cited in Kenya Projects Organization [KENPRO], (2012)

### **3.5 Sampling technique and procedure**

The study applied both random and non-random sampling techniques:

#### **3.5.1 Purposive sampling Technique**

The purposive sampling technique was employed in order to select: 9 Board Members and 10 Top managers. Teddlie and Fen Yu (2007:83) affirm that purposive sampling is typically designed to pick a small number of cases that will yield the most information about a particular phenomenon.

#### **3.5.2 Simple random sampling technique**

The study also applied the simple random sampling technique to select 70 middle level managers and 28 lower-level officers whose views were significant for the effectiveness of the study. Kothari (2004:15) affirms that this type of sampling is also known as chance sampling or probability sampling where each and every item in the population has an equal chance of inclusion in the sample and each one of the possible samples, in case of finite universe, has the same probability of being selected.

### **3.6 Data collection methods**

This study used both quantitative and qualitative data collection methods. Quantitative data was obtained through the survey method while qualitative data was obtained from interviews and documentary review.

#### **3.6.1 Survey Method**

The survey method was applied to rapidly collect data since it did not necessitate the researcher to be present when the questionnaires were being filled. This method was, however, believed to be useful for large populations when interviews are impractical. However, Amin (2005) notes

that sometimes surveys and questionnaires are not taken seriously, leading participants to write anything to make it less time-consuming. If the survey/questionnaire is very long, most people decide to ignore it which would make it useless. This method was used to capture information from the some top managers, middle-level managers and officers

### **3.6.2 Interview method**

Interviewing is a qualitative research technique that involves conducting intensive individual interviews with a small number of respondents in order to explore their perspectives on a particular idea, programme, or situation (Boyce and Neale, 2006:3). The study employed interview because it was viewed as an interactive method that attempted to build rapport with the potential participants and give an opportunity to respondents to explicitly communicate their perspectives on the subject. In addition, it enabled the interviewer to read the interviewee's body language and facial expression while granting the chance to probe. This method was used to capture information from the Board, Top management and other individuals who may not necessarily be in these two categories but were quite knowledgeable on the subject matter.

### **3.6.3 Document review method**

This study required the review of documents such as journals, newspapers, reports and any other document that provided insight into the subject matter. Mogalakwe (2006:225) asserts that authenticity of the evidence for analysis is the fundamental criterion in any research and therefore, the researcher has a duty and a responsibility to ensure that the document consulted is genuine and has integrity.

### **3.7 Data collection instruments**

In order to collect relevant data to proficiently answer the research questions and hypothesis, the researcher collected the data using questionnaires, interview guides, and a document checklist.

### **3.8 Pre-testing (validity and reliability).**

#### **3.8.1 Validity of instruments**

According to Carole and Almut (2008:2278), Validity is often defined as the extent to which an instrument measures what it purports to measure. Similarly Amin (2005:285) affirms that a research instrument is valid if it measures what it is supposed to measure. The study applied the content validity to measure the validity of the instruments. According to Amin (2005), content validity refers to the degree to which the test actually measures or is specifically related to the traits for which it was designed. The content validity was determined by expert judgment which required experts in the area covered by the instrument to assess its content by reviewing the process being used in developing the instrument as well as the instrument itself and thereafter making judgment concerning how well items represented their intended content area. Therefore, the content validity ratio was used to calculate the Content Validity Index using the formula;

$$CVI = \frac{\text{Total Number of items declared valid}}{\text{Total Number of items in the Instrument}}$$

$$CVI = \frac{60}{67}$$

$$CVI = 0.89$$

$$CVI = 0.89$$

For an instrument to be accepted as valid, this average index should be 0.7 or above (Amin, 2005:288).

### 3.8.2 Reliability of instruments

Reliability addresses the replicability of results (Golafshani, 2003: 599). Weiner (2007) defines reliability as the degree to which a measurement technique can be depended upon to secure consistent results upon repeated application. Amin (2005:298) argues that internal consistency is a commonly used form of reliability. The study used the Cronbach's coefficient alpha to measure the internal consistency. The instrument is considered satisfactory if the alpha value is 0.7 and above (Cronbach, 1951: 297-332).

**Table 3: Reliability Statistics**

<b>Variable</b>	<b>No. of item</b>	<b>Alpha</b>
Monitoring Role	16	0.916
Service Role	16	0.908
Strategic Role	17	0.907
Performance at NWSC	18	0.905
<b>Overall Reliability test</b>	<b>67</b>	<b>0.964</b>

According to Table 3, the reliability for each of the variables was analyzed. As indicated, the overall reliability test (**0.964**) was above the alpha value 0.7 which made the questionnaire satisfactory.

### 3.9 Procedure of data collection

The researcher got a letter of introduction from the School of Business and Management of Uganda Technology and Management University (UTAMU) identifying the researcher as a student of UTAMU. The researcher presented the letter to the desired organization seeking

authorization to conduct the study. Upon acceptance, the researcher sought the respondents' consent to conduct the study.

When designing questionnaires, the researcher included: a brief introduction, purpose of the study, request for the respondents' cooperation in conducting the study and assurance of confidentiality of information given.

### **3.10 Data analysis**

After quantitative data was collected it was edited, coded and then the data entry was done using the Statistical Programme for Social Scientists (SPSS). After data entry was done, commands to present the data in form of tables of frequencies, percentages and means was made. Therefore, the relationship between the independent and dependent variable was tested using the Pearson correlation coefficient that is supported by Amin (2005:381) as the best for verifying relationships.

On the other hand, the Qualitative data was analyzed on content, i.e. some of the responses were quoted during the interviews and was disclosed by the researcher without alterations.

### **3.11 Measurement of variables**

The study variables were measured using the Likert scale. The Likert scale statement is followed by the five-category response continuum: Strongly Disagree, Disagree, Undecided, Agree, Strongly Agree. The respondent was required to select the response that best describes his or her response to each statement. Likert scales are more flexible and can be constructed more easily than most other types of attitude scales (Amin, 2005:265).

A standard questionnaire on a five-point Likert scale was used to get quantifiable primary data from individual respondents. Effort was made to use the measures from previous studies where available. However, in cases where existing measurement scales were not available, questions were drawn from strong theoretical background. The independent variable was measured by a total of 49 items; The Board's monitoring role was measured by 16 items adapted from (Ogbechie, 2012). The Board's service role was measured by 16 items adapted from (Farquhar, 2011:324-328). The Board's strategic role was measured by 17 items adapted from Farquhar, (2011:324-328), while the dependent variable was measured by a total of 18 items.

### **3.12 Ethical Considerations**

The researcher sought authorization from the concerned parties at NWSC before conducting the study.

Data was collected only after seeking the respondents' consent and clearly stating the purpose of the study, i.e. the researcher first sought appointment with a respondent, explained the importance of the study and found out from the respondent whether he/she was ready to participate in the study.

For respondents who revealed their identity during data collection, the researcher concealed it when writing the final report. The researcher also observed the confidentiality rule where information given by the respondents was not revealed to any other person outside the boundaries of this study and would not be used for any other purpose

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

#### 4.1 Introduction

In this chapter of the study, the results of data analysis are presented and interpreted. The data was collected using both quantitative and qualitative research instruments and then presented in response to the study objectives and hypotheses as indicated in chapter one of this dissertation. The first section of this chapter presents the response rate and the second section presents the background information of the respondents while the third section presents descriptive and inferential statistical results along the three study objectives.

#### 4.2 Response Rate of respondents

Response rate (also known as completion rate or return rate in survey research) refers to the number of people who answered the questionnaire divided by the number of people in the sample. It is usually expressed in the form of a percentage. According to Amin (2005), a low response rate gives rise to sampling error. In this study, the response rate is shown in the breakdown in Table 4 below.

**Table 4: Response rate**

Category	Sample size	Actual response	Percentage
Top Managers	10	7	70%
Middle managers	70	68	97.14%
Other officers	28	25	89.2%
<b>Total</b>	<b>108</b>	<b>100</b>	<b>92%</b>

According to Table 4 above, out of the 108 survey instruments administered, 100 were returned fully completed. The overall response rate of the respondents as reflected in Table 4 is 92% which was considered high. Therefore, it should be noted that the findings of the study were representative of the actual population and could therefore be generalized, as observed by Sekaran (2003). It should however be noted that 7 Top managers as well as 2 Board members participated in the interviews.

### 4.3 Background Information of the Respondents

The background information of the employees as reflected in Table 5 included: their sex distribution, age, position, level of education and work duration. This information was required to ensure that the sample that participated in the study has similar distribution of the respondents by characteristics to that of the population it was drawn from. This determines the accuracy and representativeness of information drawn from the sample to the population.

**Table 5: Showing background information of the respondents**

No	Characteristics	Category	Frequency	Percentage (%)
1	Sex	Male	47	47%
		Female	53	53%
2	Age	25-31	40	40%
		32-38	24	24%
		39-45	13	13%
		46-52	14	14%
		53-59	9	9%
3	Position	Top managers	7	7%
		Middle managers	68	68%
		Other Officers	25	25%
4	Education	PhD	2	2%

		Masters	52	52%
		Bachelors	43	43%
		Other qualifications	3	3%
5	Duration	1-5 years	42	42%
		6-11 years	26	26%
		12-17 years	12	12%
		18-23 years	10	10%
		23-28 years	7	7%
		29-34 years	2	2%
		35 years and above	1	1%

**Source: Primary Data**

According to the results in Table 5, the majority of the respondents were females 53 (53%) as compared to 47 (47%) males. This shows that an adequate number of males and females participated in the study which helped in obtaining varying responses.

The study also generated the positions held by each respondent in the organization; 68 (68%) of the respondents were middle-level managers, 25 (25%) were officers and 7 (7%) were Top managers. The results in Table 5 show that the majority of the respondents were middle-level managers which therefore implies that the information was captured from a category of respondents which is quite aware of the Board's role in the organization.

As indicated in Table 5, the majority 52 (52%) of the respondents had attained a Master's degree, 43 (43%) Bachelor's degree level, 3 (3%) professional qualifications (ACCA), leaving a small number of 2 (2%) who had attained PhDs. This shows that most of the study respondents were adequately educated and were likely to have a better understanding about affairs of the organization.

Table 5 above also shows that the biggest proportion 42 (42%) of the study respondents had worked for a period of 1 – 5 years, followed by 26 (26%) who had worked for a period of (6-11 years). In addition, 12 (12%) respondents worked for a period of 12-17 years, 10 (10%) for a period of 18-23 years, leaving a total of 9 respondents, 7 (7%) of whom had worked for a period of 24-28 years, 2 (2%) for a period of 29-34 years and 1 (1%) for a period of 35 years and above. This however implies that majority of NWSC staff had been working at the organization long enough to understand the use of a Board in performance of organization. This also implies that NWSC staff had gained enough experience to adequately fulfil their roles in the organization.

#### **4.4: Board Roles that influence performance of NWSC**

In this section, descriptive statistics are presented before testing the hypotheses. The descriptive statistics used are frequencies and percentages, while the inferential statistics used are Pearson correlation and regression analysis.

##### **4.4.1: Relationship between the monitoring role of the Board and performance of NWSC.**

The first objective of the study was to establish the relationship between the monitoring role of the Board and performance of NWSC. Employees were requested to respond to a number of statements regarding the monitoring role of the board using a five-point Likert scale of **SD=Strongly Disagreed, D=Disagreed, N – Neutral, A=Agreed and SA = Strongly Agreed.** Findings were also obtained from interviews. As earlier mentioned, the monitoring role of the Board was measured using three indicators; Overseeing Management Performance, Monitoring Corporation's performance and Reviewing Financial Performance as shown in Table 6

**Table 6: Results of how the respondents rated the monitoring role of the Board of NWSC**

<b>Oversee management performance</b>						
<b>Statement</b>	<b>Mean</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Board Members evaluates management actions	4.43	0	1(1%)	3(3%)	48(48%)	48(48%)
The Board monitors CEO behaviours	4.12	0	3(3%)	20(20%)	39(39%)	38(38%)
The reviews Management performance against delegated duties	4.33	0	2(2%)	9(9%)	43(43%)	46(46%)
Board members evaluate top management decision making process	4.23	1(1%)	1(1%)	9(9%)	52(52%)	37(37%)
Board members review management integrity in business dealings	4.08	2(2%)	5(5%)	10(10%)	49(49%)	34(34%)
<b>Monitor Corporation's Performance</b>						
The Board has an internal mechanism to evaluate the Company's performance	4.14	0	3(3%)	16(16%)	45(45%)	36(36%)
The Board regularly reviews corporation's performance against set policies	4.36	0	1(1%)	5(5%)	51(51%)	43(43%)
The Board regularly reviews corporation's performance against objectives	4.29	0	2(2%)	8(8%)	49(49%)	41(41%)
The Board regularly reviews corporation's performance against values	4.11		3(3%)	13(13%)	54(54%)	30(30%)

The Board regularly reviews corporation's performance against the strategic plan	4.42	0	1(1%)	10(10%)	35(35%)	54(54%)
The Board regularly reviews corporation's performance against peers	3.76	0	7(7%)	34(34%)	35(35%)	24(24%)
<b>Review Financial Performance</b>						
Board Members monitor integrity of financial reports	4.20	0	2(2%)	16(16%)	42(42%)	40(40%)
The Board ascertains whether appropriate systems for financial planning are in place	4.18	0	1(1%)	16(16%)	47(47%)	36(36%)
The Board regularly reviews major changes in financial policies	3.89	0	4(4%)	29(29%)	41(41%)	26(26%)
The Board reviews the accounting records of the Corporation	4.00	1(1%)	4(4%)	22(22%)	40(40%)	33(33%)
Board members analyze the corporation annual allocations	4.23	1(1%)	3(3%)	13(13%)	35(35%)	48(48%)

The results in Table 6 have been analyzed and the results are indicated as follows:

#### **4.4.1.1 Overseeing Management Performance**

According to Table 6 above, when required to respond to whether the Board closely evaluates management actions; an eminent ( $M=4.43$ ) was generated of which 1 (1%) of the study respondents disagreed, 3 (3%) remained neutral, 48 (48%) agreed and 48 (48%) strongly agreed. This indicated that the majority of the respondents were in agreement with the above statement. The results also reveal that the Board monitors CEO behaviour ( $M=4.12$ ) with 3 (3%) disagreeing, 20 (20%) remaining neutral and 77 (77%) agreeing. The finding was reinforced by a

statement made during the face-to-face interview, “Yes, the Board supervises management through performance appraisals where, each individual has a performance indicator which is agreed upon with the supervisors and then a quarterly appraisal is conducted of which the results are always communicated to the Board”(Key Informant).

The study respondents highlighted that the Board reviews management performance against delegated duties ( $M=4.33$ ).The mean value was considered to be quite high. The results further revealed that 2 (2%) of the respondents disagreed, 9 (9%) remained neutral, 43 (43%) agreed and 46 (46%) strongly agreed. This statement was further affirmed during an interview; “Most of the Board members are Non-Executive directors (NED), this means that they do not sit at the organization and for that reason, they delegate duties to management and then review performance based on the duties they have delegated which is referred to as Delegated Authority”(Key Informant).

The above results also indicated that the majority of the respondents concurred with the statement that Board members evaluated top management decision-making process. This generated ( $M=4.23$ ), distributed among 2 (2%) of the respondents who disagreed, 9 (9%) who remained undecided, while 89 (89%) agreed. This however indicates that Top management has the authority to make decisions but the Board is given the power to ensure that the decisions made are beneficial to the corporation and not for achieving personal interest. This statement was reasserted during an interview, “Management makes certain recommendations on what actions or decisions they want to do and the Board is the one to approve and promote transparency, fairness, accountability in decision making which will obviously promote better governance”(Key informant).

The study respondents were also required to express whether Board members reviewed management integrity in business dealings ( $M=4.08$ ); 7 (7%) of the respondents disagreed, 10 (10%) remained neutral and 83 (83%) agreed. This finding was supported by a face-to-face response: “The Board seriously regards integrity issues, the Board through the Human Resource and Administration Committee has set a whistle blower policy so as to promote ethical behaviour. The committee has a Human resource Manual that guides the staff on integrity issues and monitors professional ethics” (Key Informant).

#### **4.4.1.2 Monitoring Corporation’s performance**

Table 6 above further reveals that the study also examined whether the Board has an internal mechanism to evaluate the company’s performance and found that majority of the respondents concurred with the statement yielding ( $M=4.14$ ). The mean value was considered to be high. The results further revealed that 3 (3%) of the study respondents disagreed, 16 (16%) remained neutral, leaving the majority 89 (89%) of respondents concurring with the statement. This statement was reinforced during a face-to-face interaction: “The Board has an audit committee that comes up with internal systems that check whether the corporation is conducting business in accordance to the required standards” (Key Informant).

The results in Table 6 further reveal that the Board regularly reviews corporation’s performance against set policies ( $M=4.36$ ). None of the respondents strongly disagreed when the inquiry was made. However 1 (1%) disagreed while 5 (5%) remained neutral. The distribution left 51 (51%) who agreed and 43 (43%) who strongly agreed. This however reflects that policy issues at NWSC are considered a major performance guide. This was explained as true during an interview: “The major function of the Board is to set policies, so those become the yardsticks for

measuring the organizational performance and to check whether the corporation is acting in accordance with the policies it has set” (Key Informant).

The study further examined whether the Board regularly reviews the corporations’ performance against set objectives ( $M=4.29$ ). As indicted in Table 6 above, none of the respondent strongly disagreed, but 2(2%) disagreed, while 8(8%) remained neutral. This distribution left 49(49%) who agreed and 41(41%) who strongly agreed. From the above distribution, it can be concluded that the Board evaluates the corporation’s performance against set objectives. The findings were also confirmed in an interview as highlighted below:

“In addition to the general organization objectives, each directorate has its own objectives but must not contradict with the general organizational objectives. The different Board committees evaluate performance against set objectives of each directorate and then make reports that are presented to the full Board and where there are gaps, the Board guides accordingly” (Key Informant).

The majority of the study respondents also concurred with the view that the Board regularly reviews corporation’s performance against set values ( $M=4.11$ ). As revealed in Table 6 above, 3 (3%) of the study respondents disagreed with the above statement, 13 (13%) remained neutral while 84 (84%) strongly agreed. From the results hence, it can be concluded that the Board regularly reviews performance against set values.

The study further established whether the Board regularly reviews the corporation’s performance against the strategic plan, this generated ( $M= 4.42$ ) which was considered to be high. It should however be noted that the greatest percentage 89 (89%) of study respondents concurred with the

above statement, only 1 (1%) disagreed and 10 (10%) opted to remain neutral. The findings were further confirmed during an interview:

“The Board prepares a three year rolling corporate plan that involves the expectations of the corporation; it is from this corporate plan that a five year strategic plan is formed by management in consultation with different stakeholders. The Board reviews the five year strategic plan to check whether it is aligned to the corporate plan. Therefore, the strategic plan is a managerial tool to effecting performance within the organization and the Board definitely evaluates the corporation’s entire performance on the basis of how well its strategic plan has been implemented.” (Key Informant)

The study further established whether the Board regularly reviews the corporation’s performance against its peers ( $M=3.76$ ). The mean value was considered to be quite low. With regard to the same statement, Table 6 above indicated that only 7 (7%) of the respondents disagreed, 34 (34%) remained neutral while the majority 35 (35%) agreed and 24 (24%) strongly agreed. As can be observed, the majority of the respondents concurred with the statement and this was also re-enforced during interviews: “NWSC through the Board benchmarks some water utilities abroad for example the Kenya National water and sewerage services. Recently our team (some Board members) was in Tanzania benchmarking the Tanzania Water Association” (Key Informant).

#### **4.4.1.3 Reviewing financial performance**

Table 6 above further shows that the study examined whether the Board monitors the integrity of financial reports and this attracted ( $M=4.20$ ). According to Table 6, from a total of 100 respondents, 2 (2%) disagreed while 16 (16%) remained neutral when the inquiry was made, 42 (42%) agreed and 40 (40%) strongly agreed. The results show that the majority of the

respondents concurred with the statement. This statement was also confirmed during the interviews:

“They usually get a quarterly report from the finance directorate that shows the quarterly performance of the organization. So they review these reports and give guidance based on what they have discovered from the reports. At the end of the year they also look at the reports from the external auditors. On a quarterly basis the Board looks at reports from all the directorates, even the internal audit directorate gives an overview of the financial performance of the organization. This helps them to know whether the financial position of the organization is good or bad and whether financial integrity is being observed”(Key Informant).

Another key informant also said:

“The finance department with the help of the input from other departments comes up with the integrated annual financial report that is then presented to the Board for approval. It’s upon the Board’s approval that the annual financial report can be presented to MWE and then published in newspapers” (Key Informant).

The results further revealed that an absolute majority of respondents concurred with the statement that: Board members ascertained that appropriate systems for financial planning are in place ( $M=4.18$ ) that was distributed as follows: 1 (1%) disagreed, 16 (16%) remained neutral while the remaining 83 (83%) agreed to the statement.

According to the results in Table 6, the Board reviews major changes in financial policies ( $M=3.89$ ). The distribution of the above statement includes; 4 (4%) respondents who disagreed, 29 (29%) who remained neutral, 47 (47%) who agreed and 36 (36%) who strongly agreed. As

can be observed, the majority of study respondents concurred with the statement. The results were strengthened during an interview: “Board through its finance committee examines the change of financial policies/ plans and then presents it to the full Board for approval” (Key Informant).

The study also evaluated whether the Board reviews the existing accounting records ( $M=4.00$ ). As reflected in the results above, 1 (1%) of the respondents strongly disagreed, 4 (4%) disagreed while 22 (22%) remained undecided (Neutral), 40 (40%) agreed and 33 (33%) strongly agreed. The above statistical distributions show that the majority of the respondents concurred with the statement that the Board regularly reviews accounting records. During the face-to-face interviews, it was affirmed that: “Before the financial statements are presented to the minister for approval, the Board reviews them to ascertain whether they are a true reflection of the performance of the corporation” (Key Informant)

Finally, the respondents were also required to indicate whether the Board analysed annual budget allocations. The results revealed ( $M=4.26$ ) of whom 1 (1%) of the respondents strongly disagreed, 3 (3%) disagreed, 13 (13%) remained neutral, 35 (35%) agreed and 48 (48%) strongly agreed. These distributions showed that the majority of the respondents concurred with the statement. This was supported during an interview:

“Management has to present the Budget to the Board for approval before the start of another financial year which starts in June. The Board is good at finance, so when the Board reviews the budget and finds discrepancies, they will deny it and management will have to redo the budget. So that is why management presents the budget to the Board much earlier to allow space for adjustments” (Key Informant).

#### 4.4.1.4 Testing the relationship between the monitoring role of the Board and performance of NWSC

In order to test the relationship between the monitoring role and performance of NWSC, the three indicators were tested to attain an overall result. To test this relationship, the researcher used the person product moment correlation coefficient and the results are indicated in Table 7

**Table 7: Relationship between the monitoring role of the Board and performance of NWSC**

	1	2
Performance		
Pearson Correlation	1	.350**
Sig. (2-tailed)		.000
N	100	100
Monitoring role		
Pearson Correlation	.350**	1
Sig. (2-tailed)	.000	
N	100	100

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

As can be observed from the results in Table 7, a probability of 0.000 was generated at the calculated value of 0.350. It was noted that since the probability is lower than the predetermined 0.05, it means that there is a significant relationship between the monitoring role of the Board and performance of the organization. This essentially means that performance of the organization improves when the Board undertakes its monitoring role.

In order to determine the extent to which the monitoring role of the Board influences performance of NWSC, the regression analysis was conducted as summarized in Table 8

**Table 8: Relationship between the monitoring role of the Board and performance of NWSC**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
R square 0.122					
1 (Constant)	36.714	7.404		4.958	.000
performance	.402	.109	.350	3.695	.000

**a. Dependent Variable: Monitoring role**

As can be observed in Table 8, the results indicate that the regression generated a significance value of 0.000 at R square of 0.122 which also indicates that there is a significant relationship between the monitoring role of the Board and performance of NWSC. This implies that when the Board undertakes its monitoring role, performance of the organization is enhanced.

**4.4.2 Influence of the service role of the Board on performance of NWSC**

The second objective of the study was to analyze how the service role of the Board influences performance of NWSC. The employees were requested to respond to a number of statements regarding the service role of the board using a five-point Likert scale of **SD=Strongly Disagreed, D=Disagreed, N – Neutral, A=Agreed and SA = Strongly Agreed**. The service role of the Board was measured by three indicators; Guiding Management, Balancing stakeholders’ interests and Facilitating access to resources as shown in Table 9

**Table 9: Results of respondents rating on the service role of the Board of NWSC**

<b>Guiding Management</b>						
<b>Item</b>	<b>Mean</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Board members guide management on general management issues	4.13	1(1%)	5(5%)	8(8%)	52(52%)	34(34%)
Board members guide management on legal issues	3.73	1(1%)	4(4%)	35(35%)	41(41%)	19(19%)
Board members guide management on financial issues	4.06	1(1%)	2(2%)	15(15%)	54(54%)	28(28%)
Board members guide management on technical issues	3.90	1(1%)	5(5%)	26(26%)	39(39%)	29(29%)
Board members guide management on marketing issues	3.68	1(1%)	7(7%)	30(30%)	47(47%)	15(15%)
Board members guide management on organizational development issues	4.07	1(1%)	3(3%)	15(15%)	50(50%)	31(31%)
<b>Balancing Stakeholders' interests</b>						
NWSC Board feels a moral responsibility to look after the interests of the shareholders	4.20	1(1%)	1(1%)	16(16%)	41(41%)	41(41%)
NWSC Board pays serious attention to the funders' interests.	4.13	0	0	22(22%)	43(43%)	35(35%)
NWSC Board pays serious attention to employee interests.	3.79	4(4%)	5(5%)	21(21%)	48(48%)	22(22%)
NWSC Board pays serious attention to suppliers' interests.	3.56	3(3%)	11(11%)	30(30%)	39(39%)	17(17%)
The Board pays serious attention to Corporate Social	4.10	1(1%)	2(2%)	16(16%)	48(48%)	33(33%)

Responsibility (CSR) practices.						
The Board pays serious attention to customer interests	4.46	1(1%)	1(1%)	9(9%)	29(29%)	60(60%)
<b>Facilitating Access to resources</b>						
The Board often takes advantage of the Board members networks to gather information for the organization	3.57	1(1%)	6(6%)	41(41%)	39(39%)	13(13%)
Board members provide guidance and expertise that help the organization manage external links.	3.93	0	6(6%)	23(23%)	43(43%)	28(28%)
Board members are involved in generating business for the firm.	3.41	3(3%)	16(16%)	33(33%)	33(33%)	15(15%)
Board members participate in accessing funds or other resources for the organization.	3.57	2(2%)	11(11%)	36(36%)	30(30%)	21(21%)

The results in table 9 have been analyzed and the results are indicated as follows;

#### **4.4.2.1 Guiding Management**

The results in Table 9 above indicate that the Board guides management on general management issues ( $M=4.13$ ). This was generated in a distribution where 1 (1%) of the respondents strongly disagreed while 5 (5%) disagreed. This distribution left 8 (8%) staying neutral, 52 (52%) agreeing and 34 (34%) strongly agreeing. The results demonstrate that the Board generally provides appropriate guidance to management which enables them to effectively perform. This statement was supplemented by a Key Informant who affirmed that, “When the Board sees

management deviating from the desired targets; it guides management to get back on track” (Key Informant).

The researcher also examined whether Board members guide management on legal issues ( $M=3.73$ ). This mean was considered to be low compared to the rest. 5 (5%) respondents disagreed, while 35 (35%) remained neutral, 60 (60%) agreed. The results show that majority of the respondents concurred with the statement. This was also emphasized in an interview: “The Board guides management on legal issues through the Human Resource, administration and Legal committee which better comprehends legal issues. This HR, L&A committee constantly reports to the main Board” (Key Informant).

Table 9 above also reveals that the Board members guide management on financial issues ( $M=4.06$ ) where 3 (3%) of the respondents disagreed, 15 (15%) opted to stay neutral and the majority 82 (82%) agreed. This finding was emphasized during a face-to-face interaction: “The finance committee of the Board guides management on financial issues such as income expenditure, investment planning and financial integrity” (Key Informant).

It was also of interest to the study to examine whether the Board guides management on technical issues. The results were analyzed using descriptive statistics and indicated ( $M=3.90$ ). Considering that NWSC is a technical institution, the mean value was considered to be low. The results further revealed that 6 (6%) of the study respondents expressed their dissent with the statement, 26 (26%) remained neutral, leaving 68 (68%) of the respondents concurring with the statement. During a face-to-face interaction it, was noted:

“NWSC is more of a technical institution and the Board through the technical committee guides on engineering and technical issues. It was also noted that “the technical team

headed by the Deputy Director Technical Services has a Technical booklet that acts as a guide in the execution of their set targets” (Key Informant).

The study further sought to examine whether the Board guides management on marketing issues. Though NWSC is a government body and more of a monopoly institution, marketing is still important since clients need to invariably be informed about new procedures that have been adapted or introduced in the acquisition of water and sewerage services. Therefore, the researcher went ahead to find out whether the Board guides on issues such as these. The results indicated ( $M=3.68$ ) which was observed to be the lowest. 1 (1%) of the respondents strongly disagreed, 7 (7%) disagreed, 30 (30%) remained neutral, 47 (47%) agreed and 15 (15%) strongly agreed. The findings indicate that the greatest percentage of respondents were in agreement that the Board guides management on marketing issues. This was further strengthened by a statement made during an interview:

“The Board has a lot of work also because NWSC is an institution which should be viable, commercially operating and that is why the appointing authority (MWE) ensures that the at least some Board members appointed should be having qualification relevant in the field of Commerce and industry, Business management and business of the corporation. Yes, this is actually in the NWSC Act cap 317. So, the Board members conversant in business dealings certainly guide management on marketing issues”(Key Informant).

Table 9 above further discloses that the Board guides management on organizational development issues ( $M=4.07$ ) such as organizational growth and sustainability. The mean value was considered to be strong. One (1%) of the respondents strongly disagreed, 3 (3%) disagreed,

15 (15%) remained neutral, 50 (50%) agreed and 31 (31%) strongly agreed. The results generally reflect that NWSC Board exhibits a strong commitment to guiding management on organizational development since the majority of the respondents were in agreement with the statement. These findings were reasserted during an interview: “The Board is put in place to guide on issues such as growth and sustainability of the organization by setting strategic priorities for management to follow” (Key Informant).

#### **4.4.2.2 Balancing Stakeholders’ Interests**

As can be observed in Table 9 above, the study also examined whether NWSC Board feels a moral responsibility to look after the interests of the shareholders. The results indicated ( $M=4.20$ ) which was considered to be strong. Two (2%) of the respondents who disagreed and 16 (16%) who remained neutral while 82 (82%) agreed. The results generally indicated the Board’s commitment in working towards satisfying the interests of NWSC’s shareholders. During the face-to-face interaction, it was noted:

“NWSC is 100% owned by the government and therefore the government is its shareholder which means that whatever we do, we have to do it in conformance with the Government programs. NWSC cannot work outside the Government programs so if the Government has set out its manifesto, the Board has to see to it that NWSC goals and objectives are in line with the government policy so that we contribute directly to the set government policy as indicated in the National Development Plan and the Vision 2040. Even when the Government gives National Water money say to invest or to put up a project, the Board ensures that this money is well utilized for the purpose for which it was intended” (Key Informant).

Another interviewee also affirmed:

“NWSC has the infrastructure service delivery program because the GOU as a shareholder is interested in services to the citizens that we must contribute to for example; we must be seen as increasing in service coverage, so that Ugandans have access to water. It is also a measure that GOU must see the corporation achieving. So periodically the GOU through the Board measures us against geographical coverage.”

The results above also reveal that the NWSC Board pays serious attention to the funders' interests ( $M=4.13$ ) which was viewed as strong. None of the respondents disagreed with the statement. This left a distribution of 22 (22%) who remained neutral, 43 (43%) who agreed and 35 (35%) who strongly agreed. In this study, funders are those who supplement the earnings of NWSC and therefore expect that their contribution is put to proper use and proper accountability is observed. Most of these funders are international agencies. The results revealed that the Board is concerned about the organization meeting the funders' interests. These were also confirmed during interviews when key informant noted:

“The donors give us money to carry out big investments. The Board has to ensure that we utilize their money well for purposes for which it was meant for and we also have to give them the reports as they require. Donors like the World Bank.”

It was further examined whether NWSC Board pays serious attention to employee interests. This inquiry attracted ( $M=3.79$ ) where 4 (4%) of the respondents strongly disagreed, 5 (5%) disagreed while 21 (21%) remained neutral, 48 (48%) agreed and 22 (22%) strongly agreed. The results hence indicate that the Board is concerned about the employees' interests. It was discovered that employee interests generally include: aspects such as remuneration packages, policies and

practices for staff, recruitment, training and development, retention, and retirement. The findings were reinforced during an interview:

“The Board, through the Human Resource, legal and administration committee ensures that the staff welfare is met, the safety plans for the staff are met, the staff is working under good working conditions and the remuneration of the staff are in line with other government bodies and that the staff allowances are also reviewed from time to time. The respondent further reported that in case of staff grievances, if the staff are not listened to, the Board comes in. the Board also ensures that in case of disciplinary action cases, the right procedures are followed so that staff are well listened to before they are dismissed, it also ensures that the Recruitment of different staff is well done. In addition, the Board works hand in hand with the workers’ union; the Uganda Public Employers’ Union (UPEU) to ensure that these needs are met so as to match the current economic condition and strengthen the corporation’s talent retention commitment” (Key Informant).

Another key informant also affirmed:

“Management also comes up with activities that are beneficial to the employees and the Board approves these activities. For example the annual MTN charity marathon organized to raise money for different reasons. Our staff participates in these marathons for the sake of their wellbeing and physical fitness.”

The study also examined whether NWSC Board pays serious attention to suppliers’ interests. The results indicated ( $M=3.56$ ) which was conceived to low compared to the rest. The distribution indicated that 3 (3%) of the respondents strongly disagreed, 11 (11%) disagreed while 30 (30%) remained neutral when the inquiry was made. The distribution left out 39 (39%)

who agreed, while 17 (17%) strongly agreed. despite its low mean value, the results show that the majority of the respondents concurred with the statement which meant that suppliers are highly valued. Suppliers are very important to the business since NWSC does not manufacture the materials it uses to generate its products. This means that these materials have to be acquired from elsewhere. This therefore implies that the relationship between the suppliers and the organization should be greatly valued. These arguments were in line with those obtained during an interview where one key informant stated:

“We have the suppliers who supply pipes, chemicals used for treating the water. In fact one day, if we supplied water without treating it, we would get a disease outbreak.” Those who supply fuel like total and shell, our vehicles are always on the road so we have tried to create a good relationship with them and they actually give us fuel upfront before we even pay. Not forgetting UMEME that t that takes into consideration that the plant in Gaba shouldn't load shade even when the country is load shading”(Key Informant).

Another interviewee affirmed:

“The Board also ensures that we award our contracts transparently to the person who has bided and comes out as the best bidder so that people do not complain. So we have to work transparently and be accountable for whatever we do. So the Board ensures that we can account for whatever we do for the suppliers; for example if suppliers have supplied us goods and services we must pay them on time and pay them only for what they have supplied”(Key Informant).

Table 9 above also shows that the Board pays serious attention to Corporate Social Responsibility (CSR) ( $M=4.10$ ). The CSR practices are very important practices in corporate governance that are basically referred to as activities that the corporation extends to the community which contributes to its sustainability and growth. The mean value was considered to be strong. The distribution also indicated that 1 (1%) of the study respondents strongly disagreed, 2 (2%) disagreed and 16 (16%) remained neutral while 48 (48%) agreed and 33 (33%) strongly agreed. These results were also supplemented by the interviews where a key informant noted:

“The Board ensures that the corporation contributes to the needs of under privileged communities and civil society by working hand in hand with management to develop programs that meet these needs. For example the Water Community Communications Clubs (WACOCO) Program which aims to involve the community including the police in reducing water losses, the SWCC that promotes issues with water and sanitation in secondary schools. In addition, the Board sees to it that the corporation meets the environmental expectations by imbedding them in the targets that the corporation has to achieve. They have actually encouraged tree planting (the tree planting and green campaign). In addition to that NWSC has always participated in social activities such as; ran fistula organized by the Kabaka. The corporation has also contributed money for treating people with certain illnesses especially cancer patients and children who need heart treatment abroad” (Key Informant).

It was also evaluated whether the Board pays serious attention to customers’ interests. In this study, the customers’ interests generally include quick response to customer complaints, proper communication in case of unavoidable circumstances that might disrupt the water and sewerage systems. The results indicated ( $M=4.46$ ) that was considered to be exceedingly strong and the

distribution included; 2 (2%) of the respondents disagreed and 9 (9%) who remained neutral while 89 (89%) agreed. These results were re-enforced by the interview results especially when most of the respondents affirmed: “The customers are the reason we exist so the Board ensures that the corporation treats the customer like he/she is the King for example; we have programs where the staff are trained on issues of customer care” (Key Informants).

Another respondent exclaimed:

“The Board takes part in what we call bi-annual customer bazaars where the Board and management sit and talk to customers and get active feedback.” We are committed to quickly responding to customer grievances in fact, the call center is always busy receiving customer complaints and trying to fix them. In fact management sees to it that a complaint is fixed within 10 minutes” (Key Informant).

Another key informant also noted:

“NWSC is a monopoly in the provision of water and sewerage services, it tries to keep the prices as low as possible so that its customers can afford its services, so we run on a commercial basis yet our prices are low. So much as we do this; we consider the customers’ ability to meet our prices. Sec 4 of the NWSC Act provides that the corporation should manage the water resources in ways which are most beneficial to the people of Uganda. The Board guides management to observe what the Act expects of the corporation. Another respondent stated that when the Board is making policies, it puts into consideration the customer needs and whether they are being addressed. So, the Board expects the corporation to achieve a certain customer satisfaction index, and therefore measure its performance against that index.”

A number of key informants gave a general comment on the stakeholders when they noted:

“We have clearly defined stakeholders. We have the stakeholder engagement agenda which is approved by the Board so that forms the basis of our interaction with the stakeholders. We also do carry out bi-annual reviews of our corporation with the various stakeholders at our Bugoloobi Branch (IREC) and have a whole day meeting with them, dialogue and through this we get feedback from them and ideas on how we can improve our service delivery and in that particular session the Board is also there. Every six months we call all the representatives of our stakeholders and have a session to review our performance. So the Board strongly participates in that. The Board also makes field visits and during these field visits in meets with different stakeholders and tries to get feedback.”

#### **4.4.2.3 Facilitating Access to resources**

The study examined whether the Board often takes advantage of its networks to gather information for the organization. The results revealed ( $M=3.57$ ) where one (1%) of the respondents strongly disagreed, 6 (6%) disagreed while, 41 (41%) remained neutral. This left 39 (39%) who agreed while 13 (13%) strongly agreed. The results were affirmed by a key informant during a face-to-face interaction:

“Most of our Board members are independent Non-Executive Directors meaning that they are not full time employees of the organization. This means that they have permanent jobs elsewhere which widens their interaction scope and makes it easier for them to bring different experiences, information and ideas that are useful to the organisational growth and sustainability.”

The table further indicates that Board members provide guidance and expertise that help the company manage external links ( $M=3.93$ ) that was sufficient to provide an appropriate explanation. The results also confirmed that only 6 (6%) disagreed, 23 (23%) remained neutral, 43 (43%) agreed and 28 (28%) strongly agreed. The results indicate that the Board is a great resource to the organization and has greatly contributed to its current performance. This was confirmed during an interview with a key informant, when she strongly affirmed:

“Our Board members are definitely resourceful. There is no way the Board members can direct if they don’t have expertise and knowledge. So I must say, they definitely add value to the corporation. So the Board has a mix of expertise for example; one member can be an engineer, another business expert, another public health expert, another an economist. So these give guidance based on their specialized fields.”

The study evaluated whether Board members are involved in generating business for the firm. The results indicated ( $M=3.41$ ) in a distribution where 3 (3%) strongly disagreed and 16 (16%) disagreed. This left 33 (33%) who remained neutral, 33 (33%) who agreed, and 15 (15%) who strongly agreed. This was supplemented by a statement made by a key informant:

“So the Board is involved when it gives guidance on how to generate this business such as; how does the Board help the corporation to generate money? The Board ensures that the corporation sells more water by producing more water. It also ensures that the money is collected, because if you bill people and don’t collect the money then you can’t have financial growth. Then, it makes sure that the money collected is put to proper use by setting for the corporation business priorities and ensuring accountability. Then the Board also makes sure that there is expansion that the corporation connects more people and

looks for customers so that it can make more money. Sometimes there are some bigger projects where the Board has to authorize the corporation to get a loan so that tomorrow they can make more money.”

Another key Informant affirmed: “When the Board discovers business opportunities, it advises us to explore them.”

The study respondents noted Board members participate in accessing funds for the organization ( $M=3.57$ ). The mean value was considered to be low. 14 (14%) of the respondents disagreed with the statement, 36 (36%) remained neutral, while 51 (51%) strongly agreed. The results indicate that the majority of the respondents were in agreement that the Board indeed participates in accessing funds for the Corporation. This was supplemented by an interview where a key respondent was quoted saying:

“Well, this is a management function but the Board participates in this by giving management guidance on how to access these funds. Actually, before acquisition of funds, the Corporation passes through the Board which then presents the request for finance to parliament and the minister responsible for finance for approval and when the finances come through, they first go to government and then government gives it to us through the Board.”

#### **4.4.2.4 Testing the influence of the service role of the Board on performance at NWSC**

In order to test the relationship between the service role of the Board and performance at NWSC, the researcher used the person product moment correlation coefficient and the results are indicated in Table 10 below:

**Table 10: Relationship between the Service role of the Board and performance of NWSC**

	1	2
Performance Pearson Correlation	1	.350**
Sig. (2-tailed)		.000
N	100	100
Service role Pearson Correlation	.350**	1
Sig. (2-tailed)	.000	
N	100	100

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

As can be observed from the results in Table 10 above, a probability of 0.000 was generated at the calculated value of 0.350. It was noted that since the probability is lower than the predetermined 0.05, it means that there is a significant relationship between service role of the Board and performance at NWSC. This essentially means that performance at the organization improves when the Board undertakes its service role.

**Table 11: Relationship between the service role of the Board and performance of NWSC**

R. Square 0.122	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	36.714	7.404		4.958	.000
performance	.402	.109	.350	3.695	.000

a. Dependent Variable: service role

As can be observed in Table 11 above, the results indicate that the regression generated a significance value of 0.000 at R square of 0.122 which also indicates there is a significant

relationship between the service role of the Board and performance at NWSC. This implies that when the Board undertakes its service role, performance within the organization is enhanced.

#### 4.4.3: Influence of the Strategic role of the Board and performance of NWSC

The third objective of the study was to examine whether the strategic role of the Board influences performance of NWSC. The employees were requested to respond to a number of statements regarding the strategic role of the board using a five-point Likert scale of **SD=Strongly Disagreed, D=Disagreed, N – Neutral, A=Agreed and SA = Strongly Agreed.**

The monitoring role of the Board was measured by three indicators; Corporate Policies, Executive Recruitment and Participating in strategic development as shown in Table 12

**Table 12: results showing the respondents' rating on the strategic role of the Board of NWSC**

<b>Corporate Policies</b>						
<b>Item</b>	<b>Mean</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
The Board determines corporate policies	4.12	0	7(7%)	9(9%)	49(49%)	35(35%)
The Board reviews the implementation of policies	4.26	1(1%)	2(2%)	7(7%)	50(50%)	40(40%)
The Board enforces corporate policies	4,00	3(3%)	7(7%)	12(12%)	43(43%)	35(35%)
The Board scans the environment before determining major policies	3.83	1(1%)	6(6%)	26(26%)	43(43%)	24(24%)
The Board adapts performance measures to monitor the implementation of policies	4.05	1(1%)	2(2%)	19(19%)	47(47%)	31(31%)

<b>Executive Recruitment</b>						
Board members engage in succession planning for the CEO	3.71	6(6%)	6(6%)	32(32%)	23(23%)	33(33%)
The Board ensures proper succession for all directors and key executives	3.70	4(4%)	7(7%)	31(31%)	31(31%)	27(27%)
Board members engage in succession planning for Top manager besides the CEO	3.68	4(4%)	7(7%)	30(30%)	35(35%)	24(24%)
Board members select appropriate participants to fill up the top management positions	3.91	2(2%)	8(8%)	22(22%)	33(33%)	35(35%)
Board members have procedures for recruiting new directors	4.10	2(2%)	3(3%)	20(20%)	33(33%)	42(42%)
<b>Participating in strategic development</b>						
The Board is involved in making proposals on the company's long term strategies and main goal	4.18	1(1%)	3(3%)	13(13%)	43(43%)	40(40%)
The Board is involved in making decisions on the company's long term strategies	4.24	1(1%)	1(1%)	12(12%)	45(45%)	41(41%)
The Board is involved in putting decisions on the company's long term strategies into action	4.07	2(2%)	4(4%)	15(15%)	43(43%)	36(36%)
The Board is involved in controlling the follow up of	4.10	1(1%)	4(4%)	15(15%)	44(44%)	36(36%)

decisions on the company's long-term strategies						
Board members bring a variety of expertise and skills to the strategic-decision making process of the company	4.15	1(1%)	2(2%)	15(15%)	45(45%)	37(37%)
The Board determines plans designed to implement the corporate strategies.	3.83	2(2%)	7(7%)	23(23%)	42(42%)	26(26%)
The Board ensures that the firm structure is appropriate for implementing chosen strategies	4.02	1(1%)	5(5%)	16(16%)	47(47%)	31(31%)

The results in Table 12 above have been analyzed and the results are indicated below:

#### **4.4.3.1 Corporate Policies**

As can be observed in Table 12 above, the Board determines corporate policies ( $M= 4.12$ ). The mean value was considered to be quite strong in a distribution where 7 (7%) of the study respondents disagreed with the statement, 9 (9%) remained neutral while 84 (84%) agreed. This finding revealed that the majority of the respondents concurred with the statement. This meant that Board members were important in policy development. The above results were supplemented with those derived from an interview: “The main role of the Board is to set policies” (Key Informant).

The study also highlighted that the Board reviews the implementation of policies ( $M=4.26$ ) which was regarded to be quite strong. The results were distributed among those who disagreed, remained neutral and agreed as follows: 3 (3%) of the respondents disagreed, 7 (7%) opted to

remain neutral while the majority 90 (90%) agreed with the statement. The results generally indicate that the Board is not only concerned with determining policies but also with policy implementation, which helps them to identify any gaps. This was also supported when a key informant was quoted saying, “The Board reviews whether policies that have been set are being followed.”

It was further highlighted that the Board enforces corporate policies (4.00) in a distribution where 3 (3%) strongly disagreed, 7 (7%) disagreed, 12 (12%) remained neutral, 43 (43%) agreed while 35 (35%) strongly agreed. On critically analyzing the results, it was observed that majority of the respondents concurred with the statement.

The study respondents also noted that the Board scans the environment before determining major policies ( $M=3.83$ ). Seven (7%) disagreed, 26 (26%) remained neutral, while 67 (67%) agreed. Although this Board practice was quite low compared to the other corporate policy practices, the results reflected that before the Board sets the policies it screens both the external and internal environment. It is thus important to note that when a policy environment is well scanned, it aids policy determination and implementation which feeds into performance of the organization.

Finally, on the role of the Board in corporate policies, it was noted that the Board adapts performance measures to monitor the implementation ( $M=4.05$ ). Table 12 shows that 3 (3%) disagreed, 19 (19%) decided to remain neutral, while 78 (78%) agreed to the statement. The above suggest that Board members adapt measures to monitor the implementation of policies.

#### **4.4.3.2: Executive recruitment**

As can be observed in Table 12 above, the study respondents also noted that Board members engage in succession planning for the CEO ( $M=3.71$ ). This was generated from 12 (12%)

respondents who disagreed, 32 (32%) who remained neutral and 56 (56%) who agreed. This distribution indicated that the Board engages in succession planning for the CEO. The current researcher finds it important because in case of such a gap, it becomes easy for the Board to appoint a CEO.

The study further examined whether the Board ensures proper succession for all directors and key executives. This generated a (M=3.70) in a distribution where 4 (4%) of the respondents strongly disagreed, 7 (7%) disagreed, while 31 (31%) opted to remain neutral, 31 (31%) agreed and 27 (27%) strongly agreed. The results show that most of the respondents concurred with the statement. This is important because it helps the organization to ensure proper leadership for effective continuity purposes.

It was further noted that Board members engage in succession planning for the top management besides the CEO (M=3.68). The table shows that when asked to rate this statement, 4 (4%) respondents strongly disagreed, 7 (7%) disagreed, 30 (30%) remained neutral, 35 (35%) agreed and 24 (24%) strongly agreed. Although the mean was considered to be the lowest, the results reflect that the majority of the study respondents concurred with the statement.

The study respondents noted that Board members select appropriate participants to fill up the management positions (M=3.91) where 2 (2%) strongly disagreed, 8 (8%) disagreed, 22 (22%) remained neutral, 33 (33%) agreed and 35 (35%) strongly agreed. These results show that the majority of the respondents were in agreement with the statement. This is an important Board activity because it ensures the right calibre of people is recruited to take on management positions which in turn improve the performance of organization. This was reinforced when a key informant highlighted:

“According to the organisational structure, NWSC has 8 scales and that the Board participates in recruitment of personnel from scale 4 onwards which was referred to as graduate level. Another respondent was quoted saying, “the Board’s role is to recruit all staff but because they do not sit at the organization, they delegate to management which is however referred to as delegated authority. The Board however appoints the Managing director, the corporation secretary and the Directors as well so that is up to scale 4.”

The study respondents further highlighted that Board members have procedures for recruiting new directors (M=4.10) which was considered to have generated a strongest mean value compared to other Board executive recruitment practices. Of the respondents: 2 (2%) strongly disagreed, 3 (3%) disagreed, 20 (20%) decided to remain neutral, 33 (33%) agreed and 42 (42%) strongly agreed. The findings indicate that when the Board members follow certain procedures for recruiting directors, it ensures that there is consistency in the recruitment or appointment process which deflects the occurrence of fraudulent activities thus influencing the performance of the organization.

#### **4.4.3.3: Participating in strategic development**

It can also be observed in Table 12 above, that the study respondents highlighted that the Board is involved in making proposals on the company’s long-term strategies and main goals (M=4.18) where out of 100 respondents; one (1%) strongly disagreed, 3 (3%) disagreed, 13 (13%) remained neutral, 43 (43%) agreed and 40 (40%) strongly agreed. It can be observed that the mean was quite strong, which implied that the Board was committed to participating in proposal development of the company’s long-term strategies. It should also be noted that many of the respondents were in agreement with the statement. This was supplemented by an interview with a key informant when he noted: “the Board is responsible for developing strategies.”

The study further examined whether the Board is involved in making decisions on the company's long-term strategies. It revealed ( $M=4.24$ ). The statement was observed to have yielded the strongest mean value compared to other strategic development practices. Table 12 shows that, 2 (2%) of the respondents disagreed, 12 (12%) remained neutral, and 86 (86%) agreed. This however reflects that the majority of the respondents concurred with the statement. A key respondent affirmed: "The Board participates in strategy development through the corporate plan."

It was also of interest to the study to examine whether the Board was involved in putting decisions on the company's long-term strategies into action. From the results, ( $M=4.07$ ) was generated in which 2 (2%) of the respondents strongly disagreed, 4 (4%) disagreed, 15 (15%) remained neutral, 43 (43%) agreed and 36 (36%) strongly agreed. The above results implied that the majority of the respondents were in agreement with the statement. During a face-to-face interaction, a key informant noted:

"When the Board comes up with the corporate plan, each directorate develops strategies and activities that will help them achieve the set targets in the corporate plan and are consolidated to establish a strategic plan which the Board reviews and approves."

Table 12 above further shows that when the study respondents were required to rate the Board's involvement in controlling the follow-up of decisions on the company's long-term strategies, ( $M=4.10$ ) was generated. It can further be observed that 5 (5%) of the respondents disagreed, 15 (15%) opted to remain neutral, while, 80 (80%) agreed. The results revealed that the majority of the respondents concurred with the statement, which meant that the Board was involved in the

entire strategic process which helps in keeping the organization on track and yielding the required results.

It was further highlighted that the Board brings a variety of expertise and skills to the strategic decision-making process of the company ( $M=4.15$ ) in a distribution where one (1%) respondent strongly disagreed, 2 (2%) disagreed, 15 (15%) remained neutral while 45 (45%) agreed and 37 (37%) strongly agreed. The results indicate that the majority of the respondents believe that the Board brings a variety of expertise and skills to the strategic development process which is important to organizational development.

The study further assessed whether the Board determines plans designed to implement the corporate strategies, ( $M=3.83$ ) was generated. Two (2%) of the respondents strongly disagreed, 7 (7%) disagreed, 23 (23%) remained neutral, 42 (42%) agreed and 26 (26%) strongly agreed. The results show that the majority of the respondents were in agreement with the statement.

It was also highlighted that the Board ensures that the firm structure is appropriate for implementing the chosen strategies ( $M=4.02$ ) where one (1%) strongly disagreed, 5 (5%) disagreed, 16 (16%) remained neutral, 47 (47%) agreed, 31 (31%) of the respondents strongly agreed. A big proportion of respondents concurred with the statement which was also supported by a comment from a key respondent which stated: “The Board is responsible for approving the organizational structure.”

#### **4.4.3.4: Testing the influence of the strategic role of the Board and performance of NWSC**

In order to test the relationship between the strategic role of the Board and performance of NWSC, the researcher used the person product moment correlation coefficient and the results are indicated in Table 13 below:

**Table 13: Relationship between strategic role of the Board and performance of NWSC**

		1	2
Performance	Pearson Correlation	1	.449**
	Sig. (2-tailed)		.000
	N	100	97
Strategic role	Pearson Correlation	.449**	1
	Sig. (2-tailed)	.000	
	N	97	97

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

As can be observed from the results in Table 13 above, a probability of 0.000 was generated at the calculated value of 0.449. It was noted that since the probability is lower than the predetermined 0.05, it means that there is a significant relationship between strategic role of the Board and performance within the organization. This essentially means that performance at the organization improves when the Board undertakes its strategic role.

In order to determine the extent to which the strategic role of the Board influences performance at NWSC, the regression analysis was conducted as summarized in Table 14

**Table 14: Relationship between strategic role of the Board and performance of NWSC**

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-106.610	37.486		-2.844	.005
performance	2.693	.550	.449	4.900	.000

a. Dependent Variable: strategic role

As can be observed in Table 14, the results indicate that the regression generated a significance value of 0.000 at R square of 0.202 which also indicate there is a significant relationship between the strategic role of the Board and performance at NWSC. This implies that when the Board undertakes its strategic role, performance within the organization is enhanced.

#### 4.4.4: Performance

The study respondents were also requested to respond to a number of statements regarding the performance at the organization using a five-point Likert scale of **SD=Strongly Disagreed**, **D=Disagreed**, **N – Neutral**, **A=Agreed** and **SA = Strongly Agreed**. Performance was measured by three indicators; Quality, Productivity and Efficiency as shown in Table 15

**Table 15: Respondents opinion on performance of NWSC**

<b>Quality</b>						
<b>Item</b>	<b>Mean</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
All the staff have the skills required to effectively execute their duties	3.88	4(4%)	10(10%)	10(10%)	46(46%)	30(30%)
NWSC staff have committed themselves to meeting the required standards	4.22	0	6(6%)	5(5%)	50(50%)	39(39%)
NWSC staff are trained to acquire new knowledge and skills	3.96	4(4%)	6(6%)	8(8%)	54(54%)	28(28%)
We commit to strong business ethics with our stakeholders	4.35	0	3(3%)	5(5%)	46(46%)	46(46%)
We ensure that all investments obtain value for money	4.08	1(1%)	6(6%)	10(10%)	50(50%)	33(33%)
<b>Productivity</b>						
There is an increase in water production	4.59	1(1%)	2(2%)	2(2%)	27(27%)	68(68%)
There is an increase in service	4.77	0	0	2 (2%)	19(19%)	79(79%)

coverage						
NWSC has constructed new water extensions to serve new customers	4.79	1(1%)	0	1(1%)	15(15%)	83(83%)
There is an optimal use of staff to improve operations	4.21	2(2%)	2(2%)	13(13%)	39(39%)	44(44%)
NWSC staff all have the ability to yield positive results	4.40	0	2(2%)	6(6%)	42(42%)	50(50%)
We are highly capable of meeting stakeholders' expectations	4.52	0	0	5(5%)	38(38%)	57(57%)
NWSC staff have a high level of creativity and innovativeness in the production process	4.40	1(1%)	1(1%)	7(7%)	39(39%)	52(52%)
<b>Efficiency</b>						
We ensure accountability for all utilized resources	4.15	1(1%)	4(4%)	12(12%)	45(45%)	38(38%)
We complete our work within set targets	3.98	1(1%)	6(6%)	10(10%)	60(60%)	23(23%)
We ensure that outcome of investments is effective and that there is minimum waste and expense	3.98	2(2%)	5(5%)	9(9%)	61(61%)	23(23%)
There is no waste of time and effort in performing our duties	3.94	1(1%)	8(8%)	17(17%)	44(44%)	30(30%)
NWSC staff quickly responds to requests for service	4.28	1(1%)	2(2%)	7(7%)	48(48%)	42(42%)
There is timely response to customers and client's needs	4.37	0	2(2%)	4(4%)	49(49%)	45(45%)

The results in Table 15 above have been analysed and the results are indicated as below:

#### **4.4.4.1 Quality**

According to Table 15, the study respondents noted that all staff have the skills required to effectively execute their duties ( $M=3.88$ ). It can be observed that 4 (4%) of the respondents strongly disagreed, 10 (10%) disagreed, 10 (10%) remained neutral while 46 (46%) agreed, and 30 (30%) strongly agreed. It was further revealed that NWSC staff have committed themselves to meeting the required standards ( $M=4.22$ ), which was considered to be high. Table 15 indicates that the respondents noted that NWSC staff are trained to acquire new knowledge and skills ( $M=3.96$ ) with a distribution of: 4 (4%) strongly disagreeing, 6 (6%) disagreeing, 8 (8%) remaining neutral, 54 (54%) agreeing and 28 (28%) strongly agreeing. This implies that the majority of the respondents concurred with the statement. It was further noted that the staff committed to strong business ethics with their stakeholders ( $M=4.35$ ) and that they also ensure that all investments obtain value for money ( $M=4.08$ ).

#### **4.4.4.2: Productivity**

As indicated in Table 15, it was noted that there is an increase in water production ( $M=4.59$ ), an increase in service coverage ( $M=4.77$ ) and that NWSC has constructed new water extensions to serve new customers ( $M=4.79$ ).

The study respondents also noted that there is an optimal use of staff to improve operations ( $M=4.21$ ) with a distribution of 2 (2%) strongly disagreeing, 2 (2%) disagreeing, 13 (13%) remaining neutral, 39 (39%) agreeing and 44 (44%) strongly agreeing. This shows that the majority of the respondents concurred with the statement. It was further noted that all NWSC staff have the ability to yield positive results ( $M=4.40$ ), are highly capable of meeting stakeholders' expectations ( $M=4.52$ ) and have a high level of creativity and innovativeness in the production process ( $M=4.40$ ).

#### 4.4.4.3: Efficiency

Table 15 also revealed that the study respondents noted that; they ensure accountability for all utilized resources ( $M=4.15$ ), complete their work within set targets ( $M=3.98$ ), ensure that outcome of investments is effective, and observe minimum waste and expense ( $M=3.98$ ). They further noted that there is no wastage of time and effort in performing their duties ( $M=3.94$ ) and that the staff quickly respond to requests for service ( $M=4.28$ ). When also asked to respond to whether there is timely response to customers' and clients' needs, ( $M=4.37$ ) was generated, none of the respondents strongly disagreed, 2 (2%) disagreed, 4 (4%) remained neutral, 49 (49%) agreed and 45 (45%) strongly agreed. The results on performance reflect that the performance at the organization is positive.

**Table 16: The summary of the test values for the three hypotheses**

		1	2	3	4
Monitoring role	Pearson Correlation	1	1.000**	.165	.350**
	Sig. (2-tailed)		.000	.107	.000
	N	100	100	97	100
Service role	Pearson Correlation	1.000**	1	.165	.350**
	Sig. (2-tailed)	.000		.107	.000
	N	100	100	97	100
Strategic role	Pearson Correlation	.165	.165	1	.449**
	Sig. (2-tailed)	.107	.107		.000
	N	97	97	97	97
Performance	Pearson Correlation	.350**	.350**	.449**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	100	100	97	100

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

From Table 16, it can be observed that all three independent variables had the same significant value ( $p=0.000$ ) which implied a significant relationship with the dependent variable. The monitoring and service roles are observed to have the same calculated Pearson values ( $r=0.350$ ) respectively, while the strategic role had a calculated Pearson value ( $r=0.449$ ) which was considered to have a higher significant relationship than the monitoring and service roles of the Board.

**Table 17: A presentation of the conclusion on the hypotheses**

<b>Hypotheses</b>	<b>Finding</b>	<b>Comment</b>
There is no significant relationship between the monitoring role of the Board and performance of NWSC.	.000 (99%)	Rejected
The service role of the Board does not influence performance of NWSC.	.000 (99%)	Rejected
The strategic role of the Board does not influence performance of NWSC	.000 (99%)	Rejected

As can be observed in Table 17 above, the null hypothesis that, “There is no significant relationship between the monitoring role of the Board and performance of NWSC” was rejected and the alternative hypothesis which indicated that there is a relationship was accepted. Similarly, the null hypothesis, “The service role of the Board does not influence performance of NWSC was rejected and the alternative hypothesis that indicated a relationship was accepted. Finally, the null hypothesis, “The strategic role of the Board does not influence performance of NWSC” was also rejected and the alternative hypothesis was accepted.

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This study examined the relationship between Board roles and performance of NWSC in Uganda. It specifically set out to: establish the relationship between the monitoring role of the Board and performance of NWSC, analyse how the service role of the Board influences performance of NWSC; and, examine how the strategic role of the Board influences performance of NWSC. This chapter presents the summary, discussion, conclusions and recommendations arising out of the study findings according to the objectives.

#### 5.2 Summary of Findings

##### 5.2.1 The monitoring role of the Board and performance of NWSC

The study tested the first hypothesis that stated: “*There is no significant relationship between the monitoring role of the Board and performance of NWSC*”. From the results, the null hypothesis was rejected and the alternative hypothesis was accepted. This is because there was a positive relationship ( $r=0.350$ ,  $sig= 0.000$ ) between the monitoring role of the Board and performance of NWSC which meant that an enhancement of the Board’s monitoring role would greatly improve performance of NWSC.

The monitoring role of the Board also accounted for 12.2% variance in the performance of NWSC which emphasized the significant positive effect on performance of the organization. The findings of this current study have highlighted the importance of the Board’s monitoring role in any corporate organization.

### **5.2.2 The service role of the Board and performance of NWSC**

Using the Pearson correlation to test the second null hypothesis which stated that, "*The service role of the Board does not influence performance of NWSC*", the null hypothesis was rejected and the alternative hypothesis was accepted at ( $r=0.350$ ,  $\text{sig}=0.000$ ), which meant that enhancement of the service role of the Board would definitely improve performance of NWSC.

On the other hand, in order to determine the extent to which the service role of the Board influences performance of NWSC, the regression analysis was conducted, giving a 12.2% variance on performance of NWSC which also implied that the service role of the Board and performance of NWSC are significantly related.

### **5.2.3 The Strategic role of the Board and performance of NWSC**

Furthermore, using the same test as above, the strategic role of the Board was correlated with performance of NWSC. The results of the Pearson moment correlation coefficient indicated a rejection of the third null hypothesis which stated that, "*There is no significant relationship between the strategic role of the Board and performance of NWSC*", while accepting the alternative hypothesis at ( $r=0.449$ ,  $\text{sig}=0.000$ ), indicating that there is a significant relationship between the strategic role of the Board and performance of NWSC.

On applying the regression analysis, the strategic role of the Board accounted for 20.2% variance on performance of NWSC which was considered significantly high and therefore meant that there is a strong relationship between the strategic role of the Board and performance of NWSC, and that the Board's unceasing involvement in strategic thinking and direction will profoundly enhance performance of the Corporation.

**Conclusively**, the three independent variables gave a similar significant value of ( $p=0.000$ ) when tested using the Pearson moment correlation coefficient which indicated that the monitoring, service and strategic role of the Board are very important in enhancing the performance of a corporate organization. However, according to the research findings, the strategic role ( $r=0.449$ ) had a higher significant value as compared to monitoring and service roles ( $r=0.350$ ) respectively, which further highlighted the principal function of the Board towards the strategic direction of the corporation.

### **5.3 Discussion of Findings**

This section discusses the findings of the study according to the three Board roles and their relationship with performance of NWSC. These include; the monitoring, service and strategic role. Each of these three roles was discussed according to the relevant activities as presented below.

#### **5.3.1 The monitoring role of the Board and performance of NWSC**

The study measured the monitoring role using three indicators: overseeing management performance, monitoring corporation's performance and reviewing financial performance. The Board's activities under the oversight function included: evaluation of management actions by Board members; monitoring of the CEO's behaviour by Board members; review of management performance against delegated duties; evaluation of Top management decision-making process and review of management integrity in business dealings by the Board members. The findings showed that all these five activities had a high mean score (4.00 and above). However, the activity of evaluating management actions had the highest mean score (4.43), followed by reviewing management performance against delegated duties (4.33). On the other hand, Board members reviewing management's integrity in business dealings scored the lowest mean (4.08).

Nevertheless, the differences in these variations were not very significant, which possibly indicates the Board's commitment in undertaking its oversight function.

The second indicator was measured using six activities that included: the Board has an internal mechanism to evaluate the company performance; Board influences performance at the organization when it regularly reviews company performance against set policies, set objectives, set values, strategic plan, and against its peers. From the results, the role of the Board in reviewing Corporation's performance against strategic plan was found to be strongest (4.42) as compared to the others. This was followed by the Board regularly reviewing Corporation's performance against set policies (4.36). On the other hand, the Board's activity on regularly reviewing corporation's performance against peers scored the lowest mean (3.76). It should, however, be noted that despite the variations in strength, all the Board activities of monitoring corporation's performance were reported by the respondents to have a substantial contribution to performance of the organization.

The third indicator was measured in form of: Board members monitoring integrity of financial reports; ascertaining whether appropriate systems for financial planning are in place; reviewing major changes in financial policies' reviewing the accounting records of the corporation and analysing the corporation's annual budget allocation. On observation, analysing the corporation's annual budget allocations had the strongest effect (4.23) than all the other Board activities. This was followed by monitoring the integrity of financial reports (4.20). On the other hand, the Board reviewing major changes in financial policies was found to have obtained the lowest mean score (3.89). The results point to the possibility that some of the respondents did not quite differentiate the activities performed by the Board and those performed by the top executive, or the Board may not adequately be undertaking this activity.

The study also conducted a correlation test using the Pearson moment correlation coefficient. This test was used in order to confirm the relationship between the monitoring role and performance of NWSC. On testing the null hypothesis which stated, “*There is no significant relationship between the monitoring role of the Board and performance of NWSC*”, the null hypothesis was rejected and the alternative hypothesis was accepted at ( $r=0.350$ ,  $\text{sig}= 0.000$ ). This implied that there was a significant relationship between the monitoring role of the Board and performance of NWSC.

The study findings are in line with earlier scholars who found that effective monitoring by a Board enhances performance of an organization. For example, the study findings according to Meredith and Clough, (2005:1-4) affirmed that Corporate Governance explains the structures and mechanisms put in place to monitor management activities and prevent improper or unlawful behaviour that in turn hinders firm performance. Similarly, when Miring and Muoria (2011:36-38) conducted a study to examine how Corporate Governance affects firm performance, they found that the primary role of the Board was to monitor management and influence firm performance on behalf of its shareholders. This monitoring role is developed by the agency theorists who argue that Boards are put in place to effectively supervise management activities on behalf of shareholders in order to foreclose the agency costs that would hinder good firm performance (Hillman and Dalziel, 2003:383). This was supplemented by Scholl (1995:1) who also asserted that monitoring is the Board's chief tool for checking both management and performance of the organization. Likewise, ICGU (2008:34) has time and again urged Boards to monitor the progress of the company in implementing the strategy, structures, plans, and policies and at the same time monitor the performance of the company's executive management in order

to enhance organizational performance, while ensuring that the management of the company is of the right calibre.

The current study findings are also in line with Natilson (2001:1-5) who argued that a good board member must ask relevant and timely financial questions. This implied that financial performance monitoring is only part of an overall performance monitoring system.

This is in line with Chin and Soo (2000:13-14) who affirmed that when BODs monitor agents, they ensure that CEOs and managers act in the best interest of the firm and when these managers and the CEO prove to be trustworthy, BODs will definitely delegate duties to them while reviewing their performance based on the delegated authority.

Overall, the study found a positive significant relationship between the monitoring role of the Board and performance of NWSC. This implies that performance of an organization can be improved when the Board invariably undertakes its monitoring role as a strategy to enhance the performance of an organization.

### **5.3.2 The service role of the Board and performance of NWSC**

The study measured the service role using three indicators: guiding management, balancing the interests of stakeholders and facilitating access to resources. The Board activities under guiding management included: the Board guiding management on general management issues, legal issues, financial issues, technical issues, marketing issues and organizational development issues.

On guiding management, the results indicated that the Board's guidance on general management issues was the most significant as indicated by a mean of 4.13. This was followed by guiding management on organizational development issues and guiding management on financial issues (4.07 and 4.06 respectively). On the other hand, guiding management on legal issues and

marketing issues scored low means as indicated by 3.73 and 3.68 respectively. It should however be noted that all the indicators had a substantial influence on performance of the organization.

The second indicator was measured by six activities that included: the Board feels a moral responsibility to look after the interests of stakeholders; pays serious attention to the funders' interests, employee interests, suppliers' interests, staff interests, CSR practices and customer interests. The findings indicated that the Board appeared to pay more attention to customer interests than other activities (4.46), which was followed by the Board's moral responsibility towards the interests of the shareholders which scored 4.20. On the other hand, the Board's attention to employees and suppliers' interests scored the lowest as indicated by a mean of 3.79 and 3.56 respectively. However, given the above mean scores, the Board appears to pay attention to its shareholders, funders and CSR at a more or less similar footing as indicated by the results.

Finally, the study reviewed the third service indicator of facilitating access to resources that had four Board activities: the Board often takes advantage of the Board members' networks to gather information for the organization, provide guidance and expertise that helps the company manage external links, and gets involved in generating business for the firm as well as participating in accessing funds or other resources influencing performance of the organization. The findings showed a generally low mean score on all the four activities as compared to the above two service indicators as the mean score for each of the four activities was below 4.00 which probably implied that the respondents did not associate these activities with the responsibilities of the Board; rather these were seen as purely management issues.

In order to strengthen the findings, the Pearson correlation was used to test the null hypothesis which stated that, "*The service role of the Board does not influence performance of NWSC*". The

null hypothesis was rejected and the alternative hypothesis was accepted at ( $r=0.350$ ,  $\text{sig}=0.000$ ), which highlighted the relevance of the service role to the performance of the corporation.

The results of the current study are similar to studies that have been conducted by a number of scholars such as; Hillman and Dalziel (2003: 385-386) who affirmed that when an organization appoints an individual to a Board, it expects that the individual will come to support the organization and will concern himself with its problems. This essentially means that the Board is observed to be an intellectual and reputational resource that will assist in generating resources through networking, maintaining relations as well as providing guidance to management (Heuvel et al, 2005:1-17). Ogbechie (2012:65) agrees that the service role of the Board consists of providing the CEO and top management with expert counsel and access to information and resources. The activities of the board that are related to the provision of resources are: providing legitimacy/bolstering the public image of the firm, providing expertise, administering advice and counsel to management, linking the firm to important stakeholders or other important entities, facilitating access to resources such as capital, building external relations, diffusing innovation and Board capital which consists of human capital (experience, expertise, reputation) (Gkliatis, 2009:3-6).

Good corporate governance does not merely involve enhancing the performance of companies and increasing their access to outside capital but also balancing the interests of the many stakeholders in a company such as shareholders, management, customers, suppliers, financiers, government and the community who fundamentally contribute to sustainable economic development of the organization (IFC, 2014, as cited by Mundunga 2014:2). Therefore, the governing body has a fiduciary responsibility to also see that the organization is acting in the best

interests of the public, and more specifically the “stakeholders” who are served by the organization’s mission (Bader, 2008:3).

The above scholarly discussion justifies the study findings that show a positive significant relationship between the service role of the Board and performance of NWSC. This therefore demonstrates the need to embrace and promote effective service role of the Board in order to ensure improved performance of the Corporation. The service role of the Board is thus significant in enhancing performance of an organization, implying that performance can be enhanced when the Board effectively undertakes its service role. The service role of the Board presents the Board as an active partner of an organization, its management and various stakeholders by providing support so as to ensure growth and sustainability. It should however be noted that Board members have the will to aid an organization’s reputation.

### **5.3.3 The strategic role of the Board and performance of NWSC**

The strategic role of the Board was measured using three indicators which included: corporate policies, participating in executive recruitment and participating in strategic development. The corporate policy function had five activities which included: determining corporate policies, reviewing implementation of policies, enforcing corporate policies, scanning the environment before determining major policies and adapting performance measures to monitor the implementation of policies. The results indicated that reviewing implementation of policies (4.26) had the highest mean score, followed by the Board determining corporate policies (4.12). On the other hand, the Board enforcing corporate policies and adapting performance measures to monitor the implementation of policies turned out to have very close mean scores (4.05 and 4.00)

respectively. Scanning the environment before determining corporate policies had the lowest mean score (3.83) which indicated that many of the staff did not recognize it as an important activity of the Board and therefore did not appreciate its contribution to performance of the corporation.

The second indicator was measured using five activities: Board members engage in succession planning for the CEO, ensure proper succession for all directors and key executives, engage in succession planning for top managers besides the CEO, select appropriate participants to fill up the key management positions, and Board members have procedures for recruiting new directors. The results indicated a low mean score for all the above-mentioned Board activities (3.71, 3.70, 3.68 and 3.91 respectively except Board members having procedures for recruiting new directors (4.10). This probably indicated that the study participants did not quite appreciate most of executive recruitment activities, meaning that these participants had shallow knowledge on the executive recruitment activity. It is also possible that with regard to executive recruitment, most participants may have noticed the Board's activity for procedures for recruiting new directors and may be assuming that the other activities are top management activities.

The third indicator on the strategic role of the Board was participating in strategic development. This had seven activities: Board's involvement in making proposals on the company's long-term strategies and main goal, the Board's involvement in making decisions on the company's long-term strategies, Board's involvement in putting into action decisions on the company's long-term strategies, Board's involvement in controlling the follow-up of decisions on company's long-term strategies, Board members bringing a variety of expertise and skills to the strategic decision making process of the company, Board members determining plans designed to implement the corporate strategies, and Board ensuring that the firm's structure is appropriate for implementing

chosen strategies. The results indicated that on average, all the activities obtained a high mean score (above 4.00) apart from the Board activity of determining plans designed to implement the corporate strategies (3.83). This to some extent explains the feeling of some of the respondents during the face-to-face interview who stated that there were areas where the Board roles would be conflicting with some of the top management roles. The results also clearly indicate that there are some overlapping roles that are performed by both the Board and the top executive.

It should however be noted that despite the variation, there was a strong influence by the above indicators on performance of the organization which essentially implies that if the Board continues to uphold these activities, there will be better performance of the corporation in the future.

To strengthen the above descriptive findings, a Pearson moment correlation coefficient was used to test the third null hypothesis which stated that, "*The strategic role of the Board does not influence performance of NWSC*". The results indicated that the null hypothesis was rejected and the alternative hypothesis accepted at ( $r=0.449$ ,  $\text{sig}=0.000$ ).

Hence, the results deduce that the Board's technical, industry experience and leadership in assisting the organization to determine its strategic direction and improve its overall success is significant for performance enhancement of the corporation.

The results are in line with those of Mokoena (2005:40-41) who affirmed that in an organization, good governance is ultimately about effective leadership that provides it with direction. The Board and management of SOEs are required to exercise effective leadership by participating in the strategic decision-making process, appointing the CEO, ensuring that an effective succession plan for all directors and key executives is in place while observing full accountability

procedures to the stakeholders (Nevondwe et al, 2014: 285-286). Therefore, the Board's awareness of their strategic function is important for proficient firm performance (Pugliese et al, 2009: 292-300).

The results are also in agreement with those of Isiaka (2012:32-40) who discovered that parastatals were not performing as expected and found that the Board, which is ultimately responsible for making strategic decisions for the organizations, was not given sufficient freedom to do so. He also discovered that when a government abides by the edicts and laws in giving full authority to a Board in undertaking its strategic role, performance of the organization will improve.

Finally, the current study reasserts Armeane (1998), as cited by Isiaka (2012:35), who attributed the success of Ugandan parastatals to the Boards' freedom to control and make decisions for these organizations.

The study found a positive significant relationship between the strategic role of the Board and performance of NWSC. This implies that when the Board effectively undertakes its strategic role, performance of the organization improves. The Board is fundamentally responsible for directing the corporation and, in so doing, sets strategies, policies and a structure that aid the running of the corporation. The current study therefore substantiates the affirmations made by the above scholars and therefore reveals the need for the Board to effectively undertake its strategic role in order to enhance performance of the organization.

## **5.4 Conclusions**

This section discusses the study conclusions according to the three Board roles and their relationship with performance of NWSC as presented below:

### **5.4.1: The monitoring role of the Board and Performance of NWSC**

The monitoring role of the Board was measured by three indicators: overseeing management performance, monitoring corporation's performance and reviewing the corporation's financial performance. The Pearson product moment correlation coefficient revealed a significant relationship between the Board's monitoring role and performance of the organization at ( $p=0.000$ ). This essentially implies that performance of NWSC is greatly enhanced when the Board adequately undertakes its monitoring role.

However, there were weaknesses observed in regular review of the corporation's performance against peers and regular review of major changes in financial policies.

### **5.4.2: The service role of the Board and Performance of NWSC**

Similarly, the service role of the Board was measured using three indicators: guiding management, balancing stakeholders' interests and facilitating access to resources. The service role of the Board was correlated with performance of NWSC using the Pearson product moment correlation coefficient which revealed a significant relationship between the Board's service role and performance of the organization ( $p=0.000$ ), implying that when the Board effectively guides management, balances stakeholders' interest and facilitates access to external resources, performance of NWSC is greatly influenced.

However, there were weaknesses observed in Board members guiding management on legal, technical and marketing issues. In addition, attention given to employee and supplier interests

was also weak. The function of facilitating access to resources was also observed to be generally weak.

#### **5.4.3: The strategic role of the Board and Performance of NWSC**

The strategic role was also measured using the following indicators: corporate policies, participating in executive recruitment and participating in strategic development. The strategic role of the Board was correlated with performance of NWSC using the Pearson product moment correlation coefficient which revealed a significant relationship between the Board's strategic role and performance of NWSC ( $p=0.000$ ). This fundamentally implied that the Board's invariable involvement in undertaking the above-mentioned functions greatly influenced the performance of NWSC.

However, there were weaknesses observed in the Board scanning the environment before determining major policies and plans designed to implement corporate strategies. The function of participating in executive recruitment was observed to be generally weak.

### **5.5 Recommendations**

Given the above conclusions, the following recommendations have been proposed to further improve the performance of NWSC:

#### **5.5.1: The Monitoring role of the Board and Performance of NWSC**

The Board should strengthen most of the activities under the: oversight role, monitoring of corporation's performance and review of financial performance that generated high mean scores.

The Board should put in place mechanisms to regularly review the Corporation's performance against peers and review major changes in financial policies as these were found to be weak.

### **5.5.2: The service role of the Board and Performance of NWSC**

The Board should further strengthen most of the activities under guiding management and balancing stakeholders' interests that were observed to have generated considerably high mean scores.

The Board should urgently develop an institutional model that will enable it to fully embrace its function of facilitating access to resources in order to submerge environmental uncertainty which in the long run could affect the performance of the corporation.

### **5.5.3: The strategic role of the Board and Performance of NWSC**

The Board should further strengthen most of the activities under the corporate policy function and participating in the strategic development function as these were observed to have generated substantially high mean scores.

The Board should strengthen the available institutional human resource policy in order to address the gaps that were observed in the function of participating in executive recruitment.

## **5.6 Limitations of the study**

Access to all Board members was extremely difficult since the majority of them are independent Non-Executive Directors (NED) who hold permanent positions in other organizations and only come to the corporation when it is deemed necessary. The researcher solved this problem by making contact and appropriate appointments that yielded physical interaction with some of them.

This study investigation was confined to one town. Since NWSC is a large corporation with operations in over 110 towns, it should be noted that the findings may not be definitive regarding the general performance of the entire corporation across the country.

The study time scope was limited to five years which is considered a short period of time. The researcher believes that since NWSC has been in existence for over 44 years, having a longer time scope would reveal more proficient findings.

### **5.7 Contributions of the study**

The study is intended to prompt the Board to invariably undertake its roles since it reveals the corporation judgment on Board roles and their effect on the performance of the organization. Similarly, the study is aimed at distinctly and broadly making known the roles of the Board, thus enabling it to execute its duties decently. In addition, the study will reveal the significance of a Board in the governance of a corporation and will impel the Government of Uganda and the management of NWSC to devise novel means of motivating Board members to unceasingly commit to enhancing the performance of the corporation.

### **5.8 Recommendation for further research**

Future research should also do a comparative study of other parastatals' Boards and how these have influenced performance of those organizations.

The criteria used by NWSC to measure performance of the Corporation may be effective but not necessarily efficient. The researcher believes that in order to evidently verify NWSC efficacy, future researchers should focus on testing performance at the corporation against other more academically rigorous efficiency criteria such as Capacity Utilization, Financial Ratios and Market share rather than soft criteria such as number of connections and districts covered .

Management and Board aside, what if the past and current apparent success of NWSC is due to the monopoly position it holds and the inelastic nature of the product, exorbitant prices, and fungibility issues of donor resources? The study therefore recommends that future research be centered on examining other factors that could possibly be enhancing performance of the corporation other than Board and Management.

Competition is important because it improves on quality, better innovation, avails alternatives and ensures better prices for consumers. NWSC is the only water utility in the country and therefore has the liberty to make choices for consumers. The study therefore recommends that future research investigates what competitive criteria have been applied to NWSC and whether NWSC has been benchmarked against similar water organizations in East Africa in terms of quality, technology, market share, and price of the product.

The study recommends that any future research on NWSC evaluates its performance over a longer period; say 1986-2016 or ten years (2006-2016) -- a period that covers the corporation's poor and good years.

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**APPENDIX I: CERTIFICATE OF PROOF**

**MUKOTANI RUGYENDO**

**P.O. BOX 31178**

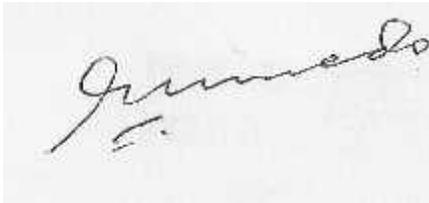
**KAMPALA**

**TEL: 0701707093**

**26 August 2016**

**CERTIFICATE OF PROOF THAT DISSERTATION HAS BEEN EDITED**

This is to certify that the Master's Degree dissertation entitled, Board Roles and Performance of National Water and Sewerage Corporation by Jovianne Barbra Mugoby, has been reviewed and corrected in order to ensure clarity of expression and consistency regarding key style aspects like general grammar, sentence structure, use of articles, all-round punctuation, logical flow, citation and referencing.

A handwritten signature in black ink, appearing to read 'Mukotani Ruyendo', is written over a light-colored rectangular background.

**Mukotani Ruyendo**

**Professional Editor**

SN...

## **APPENDICES**

### **APPENDIX II: QUESTIONNAIRE**

#### **RESEARCH TITLE; BOARD ROLES AND PERFORMANCE AT NATIONAL WATER AND SEWERAGE CORPORATION**

**Dear Sir/Madam,**

I am a student of School of Business and Management, Uganda Technology and Management University (UTAMU) - School of Business and Management of UTAMU. I am conducting a study on Board roles and performance at NWSC. This study is a requirement for the partial fulfillment of a Masters in Public Administration and Management (MPAM). The study is aimed at acquiring more knowledge and insight on how significant the Board is in performance at the organization and will therefore broaden citizenry's understanding of how the Board is a significant facet in Governance of an organization.

Your co-operation is valuable for the success of this study. You are humbly requested to honestly answer the questions herein. However, I humbly request for your consent before proceeding. All the information given in this questionnaire will remain confidential and will only be accessed by the academicians involved in supervising this study. However it is desirable but not required for you to disclose your name.

Your contribution in making this study a success is greatly appreciated.

Thank you

Jovianne Barbra Mugobyia.

**SECTION A: BIO DATA**

1. Date.....

<b>2</b>	<b>SEX OF RESPONDENTS</b>  (Please tick besides the box)			
	<b>Male</b>		<b>Female</b>	

Please tick or circle the appropriate number;

<b>3</b>	<b>AGE</b>					
	<b>25-31</b>	<b>32-38</b>	<b>39-45</b>	<b>46-52</b>	<b>53 -59</b>	<b>60 and above</b>
	1	2	3	4	5	6

<b>4</b>	<b>POSITION IN THE ORGANISATION</b>			
	<b>Board member</b>	<b>Top management</b>	<b>Middle level management</b>	<b>Others(specify)</b>
	1	2	3	4

<b>5</b>	<b>EDUCATION BACKGROUND</b>			
	<b>PhD</b>	<b>Masters</b>	<b>Bachelors</b>	<b>Others(specify)</b>
	1	2	3	

<b>6.</b>	<b>DURATION OF SERVICE AT NWSC</b>						
	<b>1-5yrs</b>	<b>6yrs-11</b>	<b>12-17yrs</b>	<b>18-23yrs</b>	<b>23-28yrs</b>	<b>29-34yrs</b>	<b>35yrs and above</b>
	1	2	3	4	5	6	7

For the rest of the question, please tick or circle the number that best describes your opinion on the question using the scale below;

**SCALE:**

1	2	3	4	5
<b>Strongly Disagree(SD)</b>	<b>Disagree (D)</b>	<b>Neutral(N)</b>	<b>Agree(A)</b>	<b>Strongly Agree(SA)</b>

**An explanation of the scale**

**1**= strongly disagree (No, the statement does not describe our Board practices at all.)

**2** = disagree (No, the statement does not describe our Board practices.)

**3**= neither disagree nor agree

**4** = agree (Yes, the statement describes our Board practices.)

**5** = strongly agree (Yes, the statement perfectly describes our Board practices.)

## SECTION B: MONITORING ROLE OF THE BOARD

This section is about how the Board exercises its monitoring role

No	Statement	SD	D	N	A	SA
<b>Oversee management performance</b>						
1.	Board members closely evaluate management actions.	1	2	3	4	5
2.	The Board monitors CEO behavior.	1	2	3	4	5
3.	The Board reviews management performance against delegated duties.	1	2	3	4	5
4.	Board members evaluate top management decision-making process	1	2	3	4	5
5.	Board members review managements integrity in business dealings	1	2	3	4	5
<b>Monitor corporation's performance</b>						
6.	The Board has an internal mechanism to evaluate firm performance	1	2	3	4	5
7.	The Board regularly reviews company performance against set policies	1	2	3	4	5
8.	The Board reviews corporation's performance against set objectives	1	2	3	4	5
9.	The Board reviews corporate performance against set values	1	2	3	4	5
10.	Board members review corporate performance against the strategic plan.	1	2	3	4	5
11.	The Board adequately benchmarks organisational performance against its peers.	1	2	3	4	5
<b>Review financial performance</b>						
12.	Board members monitor the integrity of financial reports	1	2	3	4	5
13.	The Board ascertains whether appropriate systems for financial	1	2	3	4	5

	planning are in place					
14.	The Board regularly reviews major changes in financial policies/plans	1	2	3	4	5
15.	The Board regularly reviews the accounting records of the corporation	1	2	3	4	5
16.	Board members analyze the corporation annual budget allocation.	1	2	3	4	5

## SECTION C: SERVICE ROLE OF THE BOARD

This section is about how the Board exercises its service role

No	Statement	SD	D	N	A	SA
<b>Guide management</b>						
1.	Board members guides on general management issues	1	2	3	4	5
2.	Board members guides on legal issues.	1	2	3	4	5
3.	Board members guide on financial issues (internal Financing and investment).	1	2	3	4	5
4.	Board members guide on technical issues	1	2	3	4	5
5.	Board members guide on marketing issues.	1	2	3	4	5
6.	Board members guide organisational development issues	1	2	3	4	5
<b>Balance Stakeholder interests</b>						
7.	NWSC Board feels a moral responsibility to look after the interests of the Shareholders.	1	2	3	4	5
8.	NWSC Board pays serious attention to funders' interests	1	2	3	4	5
9.	NWSC Board pays serious attention to employee interests,	1	2	3	4	5

10.	NWSC Board pays serious attention to suppliers' interests,	1	2	3	4	5
11.	The Board pays serious attention to Corporate Social Responsibility (CSR) practices.	1	2	3	4	5
12.	The Board pays serious attention to customer interests	1	2	3	4	5
<b>Facilitate access to resources</b>						
13.	The Board often take advantage of the board members' networks to gather information for the organization	1	2	3	4	5
14.	Board members provide advice and expertise that help the company manage external Links	1	2	3	4	5
15.	Board members help to generate business for the firm	1	2	3	4	5
16.	Board members help to raise funds or other resources for the firm	1	2	3	4	5

## SECTION C: STRATEGIC ROLE OF THE BOARD

**This section is about how the Board exercises its strategic role**

<b>Corporate policies</b>						
<b>No.</b>	<b>Statement</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
1.	The Board determines corporate policies	1	2	3	4	5
2.	The Board reviews the implementation of policies	1	2	3	4	5
3.	The Board enforces corporate policies	1	2	3	4	5
4.	The Board scans the environment before determining major policies	1	2	3	4	5
5.	The Board adapts performance measures to monitor the implementation of policies.	1	2	3	4	5

<b>Executive recruitment</b>						
6.	Board members engage in succession planning for the CEO.	1	2	3	4	5
7.	The Board ensures proper succession for all directors and key executives	1	2	3	4	5
8.	Board members engage in succession planning for top managers besides the CEO.	1	2	3	4	5
9.	Board members select appropriate participants to fill up the top management positions	1	2	3	4	5
10.	Board members have procedures for recruiting new directors	1	2	3	4	5
<b>Participate in strategy development</b>						
11.	The Board is involved in making proposals on the company's long term strategies and main goals.	1	2	3	4	5
12.	The Board is involved in making decisions on the company's long term strategies.	1	2	3	4	5
13.	The Board is involved in putting decisions on the company's long term strategies into action	1	2	3	4	5
14.	The Board is involved in controlling the follow up of decisions on the Company's long-term strategies.	1	2	3	4	5
15.	Board members bring a variety of expertise and skills to the strategic- decision making process of the company	1	2	3	4	5
16.	The Board determines plans designed to implement the corporate strategies	1	2	3	4	5
17.	The Board ensures that the firm structure is appropriate for	1	2	3	4	5

	implementing the chosen strategies.					
--	-------------------------------------	--	--	--	--	--

#### SECTION D: PERFORMANCE OF NWSC

NO	Statement	SD	D	N	A	SA
<b>Quality</b>						
1.	All the staff have the skills required to effectively execute their duties	1	2	3	4	5
2.	NWSC staff have committed themselves to meeting the required standards	1	2	3	4	5
3.	NWSC staff are trained to acquire new knowledge and skills	1	2	3	4	5
4.	We commit to strong business ethics with our stakeholders	1	2	3	4	5
5.	We ensure that all investments obtain value for money	1	2	3	4	5

No.	Statement	SD	D	N	A	SA
<b>Productivity</b>						
6.	There is an increase of water production	1	2	3	4	5
7.	There is an increase in service coverage	1	2	3	4	5
8.	NWSC has constructed new water extensions to serve new customers	1	2	3	4	5
9.	There is an optimal use of staff to improve operations	1	2	3	4	5
10.	NWSC staff all have the ability to yield positive results	1	2	3	4	5
11.	We are highly capable of meeting stakeholders' expectations.	1	2	3	4	5
12.	NWSC staff have a high level of creativity and innovativeness in the production process					

No.	Statement	SD	D	N	A	SA
<b>Efficiency</b>						
13.	We ensure accountability for all utilized resources	1	2	3	4	5
14.	We complete our work within set targets	1	2	3	4	5
15.	We ensure that outcome of investments is effective and that there is minimum waste and expense	1	2	3	4	4
16.	There is no waste of time and effort in performing our duties	1	2	3	4	5
17.	NWSC staff quickly responds to requests for service.	1	2	3	4	5
18.	There is timely response to customers and clients' needs	1	2	3	4	5

E1. How would you rate the current organizational performance? Please tick the number that best describes your opinion.

(1=excellent, 2=very good, 3= good, 4= fair, 5= poor, 6= very poor, 7= extremely poor)

1	2	3	4	5	6	7

E3) what is your comment on the Board's contribution to the current organizational performance?

.....

**Thank you very much for your cooperation**

**END**

SN.....

**APPENDIX III: INTERVIEW GUIDE FOR TOP MANAGEMENT  
BOARD ROLES AND ORGANIZATIONAL PERFORMANCE AT NATIONAL WATER  
AND SEWERAGE CORPORATION (NWSC) IN UGANDA**

**Date**.....

**Job Title/Position**.....

**Unit**.....

**INTRODUCTION;**

The purpose of the interview is to gather views about how the roles of the Board have affected the performance at the corporation

1. What are the roles of the Board in running the corporation?
2. What mechanisms does the Board put in place to supervise management? ( probe for specific mechanisms)
3. How does the Board evaluate the performance of the entire organization?
4. How does the Board review financial performance of the organization? ( probe how often does the Board review financial performance of the organization )
5. What guidance does the Board give to management? (probe for how and when)
6. How does the Board ensure that each of their interests is met?

7. Does the Board facilitate access to external resources? (probe how )
8. What is the Board's role in policy development? (probe what role and how )
9. Does the Board participate in executive recruitment? ( probe how )
10. Does the Board usually participate in strategy development? (probe how)
11. Do you think the Board has greatly contributed to the current performance at the organization? ( in terms of quality, productivity and efficiency)
12. What challenges do you think the Board faces when undertaking its roles?
13. In your opinion, what can be done to improve the performance of the Board?

**Thank you very much for taking time to share with me your views**

**END**

SN.....

**APPENDIX IV: INTERVIEW GUIDE FOR BOARD MEMBERS**  
**BOARD ROLES AND ORGANIZATIONAL PERFORMANCE AT NATIONAL WATER**  
**AND SEWERAGE CORPORATION (NWSC) IN UGANDA**

**Date.....**

**Position on the Board.....**

**INTRODUCTION;**

The purpose of the interview is to gather views about how the roles of the Board have affected the performance at the corporation.

1. What is the role of the Board in running the organization?
2. What activities does the Board undertake to effectively fulfill their roles?
3. What contribution does the Board make in the development of the organization in the area of; Finance, resource and administration and strategic development?
4. What do you think can be done to improve the performance of the Board?

**Thank you very much for your time and profound contribution**

**END**

## **APPENDIX V: DOCUMENTARY CHECKLIST**

My name is **Mugobyha Jovianne Barbara**, a student at the School of Business and Management, Uganda Technology and Management University (UTAMU). In partial fulfillment of the requirements a degree in Masters of Public administration and Management, I am required to conduct a study in my field of interest which is “Board roles and performance at NWSC in Uganda.”

The following list of documents has been prepared to provide data that will be analyzed for purely academic purposes and assist in making conclusions on the above stated topic. The information acquired from these documents will be handled with utmost confidentiality. Please provide the relevant data for the success of this study.

### **Required Documents;**

1. Integrated annual report (2013/14)
2. Strategic plan (2013-2018)
3. Corporate Plan (2015-2018)
4. Any other documents relevant to the study

**APPENDIX VI: WORK PLAN AND TIME FRAME**

<b>No</b>	<b>Activity</b>	<b>Duration (days/weeks/months)</b>	<b>Dates</b>
1	Proposal writing (pre-defense)	3 months	1 <sup>st</sup> July-October 2015
	Proposal defense		October 2015
	Proposal writing(post-defense)	4 months	November2015- February2016
	Submission of proposal		March 2016
2	piloting questionnaire and adjusting	1week	March 2016
4	Conducting field activity: <ul style="list-style-type: none"> <li>• secondary data</li> <li>• Primary data</li> </ul>	1 month	March-April 2016
5	Organizing data collected	2 weeks	April –May 2016
6	Data Analysis and report writing	1 month	June 2016
7	Submission and examination	1 month	July 2016
8	Defending and making corrections	1 month	August 2016

**APPENDIX VII: KREJCIE & MORGAN'S FOR DETERMINING SAMPLE SIZE**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970

## APPENDIX VII: SUMMARY ITEM STATISTICS FOR RELIABILITY COEFFICIENT

### Monitoring Role

#### Item Statistics

No		Mean	Std. Deviation	N
1	Board Members closely evaluate management actions	4.4300	.60728	100
2	The Board monitors CEO behaviour	4.1200	.83218	100
3	The Board reviews Management performance against delegated duties	4.3300	.72551	100
4	Board members evaluate Top management decision-making process	4.2300	.73656	100
5	Board members review managements integrity in business dealings	4.0800	.90654	100
6	The Board has an internal mechanism to evaluate the corporation's performance	4.1400	.79162	100
7	The Board regularly reviews corporation's performance against set policies	4.3600	.62797	100
8	The Board reviews corporation's performance against set objectives	4.2900	.70058	100
9	The Board reviews corporation's performance against set values	4.1100	.73711	100
10	Board members review corporation's performance against the strategic plan	4.4200	.71322	100
11	The Board adequately benchmarks organisational performance against its peers	3.7600	.90028	100
12	Board members monitor integrity of financial reports	4.2000	.77850	100
13	The Board ascertains whether appropriate systems for financial planning are in place	4.1800	.73002	100
14	The Board regularly reviews major changes in financial policies/plans	3.8900	.83961	100
15	The Board regularly reviews the accounting records of the corporation	4.0000	.89893	100
16	Board members analyze the corporation's annual budget allocation	4.2600	.87178	100

## The Service role

### Item Statistics

No		Mean	Std. Deviation	N
1	Board members guide management on general management issues	4.1300	.83672	100
2	Board members guide management on legal issues	3.7300	.85108	100
3	Board members guide management on financial issues(internal financing and investment)	4.0600	.77616	100
4	Board members guide management on technical issues	3.9000	.91563	100
5	Board members guide management on marketing issues	3.6800	.85138	100
6	Board members guide management on organisational development issues	4.0700	.81965	100
7	NWSC Board feels a moral responsibility to look after the interests of the shareholders	4.2000	.81650	100
8	NWSC Board pays serious attention to funders' interests	4.1300	.74745	100
9	NWSC Board pays serious attention to employee interests	3.7900	.97747	100
10	NWSC Board pays serious attention to suppliers' interests	3.5600	.99818	100
11	The Board pays serious attention to Corporate Social Responsibility( CSR) practices	4.1000	.81029	100
12	The Board pays serious attention to customer interests	4.4600	.78393	100
13	The Board often takes advantage of the Board members' networks to gather information for the organization	3.5700	.83188	100
14	Board members provide guidance and expertise that help the company manage external links	3.9300	.86754	100
15	Board members are involved in generating business for the firm	3.4100	1.02588	100
16	Board members participate in accessing funds or other resources for the organization	3.5700	1.00760	100

## The Strategic Role

### Item Statistics

No		Mean	Std. Deviation	N
1	The Board determines corporate policies	4.1200	.84423	100
2	The Board reviews the implementation of policies	4.2600	.76038	100
3	The Board enforces corporate policies	4.0000	1.01504	100
4	The Board scans the environment before determining major policies	3.8300	.89955	100
5	The Board adapts performance measures to monitor the implementation of policies	4.0500	.82112	100
6	Board members engage in succession planning for the CEO	3.7100	1.16597	100
7	The Board ensures proper succession for all directors and key executives	3.7000	1.06837	100
8	Board members engage in succession planning for Top manager besides the CEO	3.6800	1.04330	100
9	Board members select appropriate participants to fill up the top management positions	3.9100	1.03568	100
10	Board members have procedures for recruiting new directors	4.1000	.95874	100
11	The Board is involved in making proposals on the company's long term strategies and main goal	4.1800	.84543	100
12	The Board is involved in making decisions on the company's long term strategies	4.2400	.78005	100
13	The Board is involved in putting decisions on the company's long term strategies into action	4.0700	.92392	100
14	The Board is involved in controlling the follow up of decisions on the company's long-term strategies	4.1000	.87039	100
15	Board members bring a variety of expertise and skills to the strategic decision making process of the company	4.1500	.82112	100
16	The Board determines plans designed to implement the corporate strategies	3.8300	.96457	100
17	The Board ensures that the firm structure is appropriate for implementing the chosen strategies	4.0200	.87594	100

## Performance

### Item Statistics

No		Mean	Std. Deviation	N
1	All the staff have the skills required to effectively execute their duties	3.8800	1.07572	100
2	NWSC staff have committed themselves to meeting the required standards	4.2200	.79874	100
3	NWSC staff are trained to acquire new knowledge and skills	3.9600	.98391	100
4	We commit to strong business ethics with our stakeholders	4.3500	.71598	100
5	We ensure that all investments obtain value for money	4.0800	.87247	100
6	There is an increase of water production	4.5900	.72607	100
7	There is an increase in service coverage	4.7700	.46829	100
8	NWSC has constructed new water extensions to serve new customers	4.7900	.55587	100
9	There is an optimal use of staff to improve operations	4.2100	.89098	100
10	NWSC staff have the ability to yield positive results	4.4000	.69631	100
11	We are highly capable of meeting stakeholders expectations	4.5200	.59425	100
12	NWSC staff have a high level of creativity and innovativeness in the production process	4.4000	.75210	100
13	We ensure accountability for all utilized resources	4.1500	.85723	100
14	We complete our work within set targets	3.9800	.81625	100
15	We ensure that outcome of investments is effective and that there is minimum waste expense	3.9800	.84063	100
16	There is no waste of time and effort in performing our duties	3.9400	.94088	100
17	NWSC staff quickly responds to request for service	4.2800	.76647	100
18	There is timely response to customers and clients' needs	4.3700	.66142	100